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J O I N T P U B L I C H E A R I N G

before

SENATE LAW, PUBLIC SAFETY AND DEFENSE COMMITTEE  
AND  
ASSEMBLY LAW, PUBLIC SAFETY AND CORRECTIONS COMMITTEE

To Consider Senate Bills 815 and 2321  
and Assembly Bills 1385 and 813

To receive testimony and to discuss whether self-service  
gasoline stations should be permitted in this State

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2 VA

April 22, 1988  
Room 424  
State House Annex  
Trenton, New Jersey

MEMBERS OF SENATE COMMITTEE PRESENT:

Senator Frank X. Graves, Chairman  
Senator Ronald L. Rice

MEMBERS OF ASSEMBLY COMMITTEE PRESENT:

Assemblyman Gary W. Stuhltrager, Chairman  
Assemblyman Patrick J. Roma, Vice Chairman  
Assemblywoman Elizabeth E. Randall  
Assemblyman Frank M. Pelly  
Assemblyman George Hudak

ALSO PRESENT:

Aggie Szilagyi  
Office of Legislative Services  
Aide, Senate Law, Public Safety and Defense Committee  
  
David L. Sallach  
Office of Legislative Services  
Aide, Assembly Law, Public Safety and Corrections Committee

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Hearing Recorded and Transcribed by  
Office of Legislative Services  
Public Information Office  
Hearing Unit  
State House Annex  
CN 053  
Trenton, New Jersey 08625



**New Jersey State Legislature**

**GARY W. STUHLTRAGER**  
*Chairman*  
**PATRICK J. ROMA**  
*Vice-Chairman*  
**ELIZABETH E. RANDALL**  
**GEORGE HUDAK**  
**FRANK M. PELLY**

**ASSEMBLY LAW, PUBLIC SAFETY  
AND CORRECTIONS COMMITTEE**

STATE HOUSE ANNEX, CN-068  
TRENTON, NEW JERSEY 08625  
TELEPHONE: (609) 984-0231

April 11, 1988

**NOTICE OF A PUBLIC HEARING**

The

**SENATE LAW, PUBLIC SAFETY AND DEFENSE COMMITTEE**

and

**ASSEMBLY LAW, PUBLIC SAFETY AND CORRECTIONS COMMITTEE**

will hold a joint public hearing  
on Friday, April 22, 1988 at 10:30 a.m. in Room 424  
of the State House Annex in Trenton

The purpose of this public hearing is to receive testimony and to discuss whether self-service gasoline stations should be permitted in this State. On this subject the committee will consider Senate Bill 815 sponsored by Senator Graves; Senate Bill 2321 sponsored by Senator Cardinale; and Assembly Bill 1385 sponsored by Assemblywoman Randall; Assembly Bill 813 sponsored by Assemblyman Otlowski.

Written testimony may be submitted for inclusion in the official transcript of this hearing. Persons who would like to testify or who need further information on the public hearing should contact Dave Sallach, Aide to the Assembly Law, Public Safety and Corrections Committee or Aggie Szilagyi, Aide to the Senate Law, Public Safety and Defense Committee at (609) 984-0231.

SENATE, No. 815

STATE OF NEW JERSEY

Introduced Pending Technical Review by Legislative Counsel

PRE-FILED FOR INTRODUCTION IN THE 1988 SESSION

By Senator GRAVES

1 AN ACT concerning the dispensing of motor fuels and other  
2 flammable liquids at retail filling and service stations in  
3 certain cases, and repealing P.L. 1949, c. 274.

5 BE IT ENACTED by the Senate and General Assembly of the  
6 State of New Jersey:

7 1. This act shall be known and may be cited as the "Motor  
8 Fuels Self Service Dispensing Act."

9 2. The Legislature finds that the availability, to the motoring  
10 public of this State, of motor vehicle fuel in a convenient and  
11 safe form for sale at a reasonable price is critical to the welfare  
12 of the citizens of New Jersey.

13 The Legislature further finds that the availability of self  
14 service in the dispensing of motor fuels provides an alternative  
15 method of purchasing motor fuels, from the conventional  
16 attendant service, by which motorists may save both time and  
17 money.

18 The Legislature further finds that New Jersey is one of only  
19 two states which deny, by statute, its citizens of this alternative  
20 means of purchasing motor fuels at retail and that the  
21 experience of the other states which do allow self service is that  
22 it has proven to provide, to those customers who desire to  
23 utilize it, efficient, economical and safe service.

24 The Legislature, therefore, declares and it is the intent of this  
25 act to authorize innovations in the field of motor fuels  
26 marketing including the dispensing of motor fuels at retail by  
27 motorists or persons other than the operator or employees of the  
28 operator of the station, and it shall be and is permitted  
29 throughout this State if done in accordance with the provisions  
30 of this act.

31 3. As used in this act:

32 a. "Act" means the "Motor Fuels Self Service Dispensing  
33 Act."

1       b. "Island" means a group of two or more pumps dispensing  
2 motor fuels which can accommodate one or more cars on each  
3 side of the pumps at a time.

4       c. "Motor fuels" means (1) any liquid or, gaseous substance  
5 commonly or commercially known or sold as gasoline regardless  
6 of its classification or use; and (2) any liquid or gaseous  
7 substance used, offered for sale or sold for use, either alone or  
8 when mixed, blended, or compounded, for the purpose of  
9 generating power for the propulsion of motor vehicles upon the  
10 public highways; and includes:

11       (a) All grades of motor gasoline, natural gasoline, marine  
12 gasoline, aviation gasoline, motor fuel blending naphthas, motor  
13 grade benzol and motor grade toluol;

14       (b) Any liquid prepared, advertised, offered for sale or sold  
15 for use as or commonly and commercially used as a fuel in  
16 internal combustion engines, which when subjected to  
17 distillation in accordance with the latest revised standard  
18 method of test for distillation of gasoline, naphtha, kerosene,  
19 and similar petroleum products (American Society for testing  
20 materials Method D-86) shows not less than 10% distilled  
21 (recovered) below 347° Fahrenheit and not less than 95%  
22 distilled (recovered) below 464° Fahrenheit; and

23       (c) All combustible gases which exist in a gaseous state at 60°  
24 Fahrenheit and at 14.7 pounds per square inch absolute pressure,  
25 industrial naphthas and solvents, aromatic distillates, diesel fuel  
26 and additives.

27       d. "Service island" means an island at which motor fuels are  
28 exclusively dispensed by a filling station owner, operator or  
29 employee.

30       e. "Self service island" means an island at which motor fuels  
31 may be dispensed by customers of a filling station.

32       4. Each filling station in New Jersey may operate one, more  
33 than one, or all of its islands as either service islands or self  
34 service islands, and there is no requirement that any fixed  
35 minimum number or fraction of the islands at a filling station  
36 offering self service be service islands. No filling station shall  
37 operate any of its islands as self service islands from 9:00 a.m.  
through 5:00 p.m.

1       5. There is no requirement that there be a differential  
2 between the price charged for motor fuels dispensed at self  
3 service islands and motor fuels dispensed at service islands,  
4 either in terms of cents per gallon or as a percentage of the  
5 price per gallon.

6       6. The Commissioner of Labor shall, within 90 days of the  
7 effective date of this act, promulgate, in the name of the  
8 Department of Labor, rules and regulations governing the self  
9 service dispensing of motor fuel in conformity with a standard  
10 which shall be no less strict than the National Fire Protection  
11 Association Standard Number 30 and which shall, at a minimum,  
12 require that:

13       a. Each filling station offering self service be under the  
14 direct control of a supervisor, employee, or attendant at all  
15 times when motor fuels are being dispensed or sold;

16       b. Motor fuels be dispensed only by a person who is not  
17 smoking;

18       c. A sign, in block letters at least four inches in height, be  
19 conspicuously displayed on each motor fuel pump island where  
20 self service is offered stating that it is a self service island;

21       d. Signs giving instructions for the operation of motor fuel  
22 dispensing equipment, in block letters at least one-half inch in  
23 height, be conspicuously posted at each self service filling  
24 station offering self service.

25       e. A sign bearing the following words in block letters at least  
26 two inches in height be conspicuously posted on each motor fuel  
27 pump where self service is offered:

28       (1) "Stop Engine";

29       (2) "No smoking";

30       (3) "Warning-It is Unlawful and Dangerous to Dispense Motor  
31 Fuels into Unapproved Containers."

32       f. All signs required by this section be constructed of rigid,  
33 weather-resistant material.

34       g. Motor fuel dispensing nozzles used by any person other  
35 than a supervisor, employee, or attendant be of an approved  
36 automatic closing type.

37       7. Any municipality may, by ordinance, regulate and  
38 prescribe standards for the equipment, operation and  
39 maintenance of stations offering self service. These regulations  
40 shall not be inconsistent with the provisions of this act.



SENATE, No. 2321

STATE OF NEW JERSEY

INTRODUCED MARCH 28, 1988

By Senator CARDINALE

1 AN ACT concerning the dispensing of motor fuels and repealing  
P.L. 1949, c.274.

3

BE IT ENACTED by the Senate and General Assembly of the  
5 State of New Jersey:

1. This act shall be known and may be cited as the "Motor  
7 Vehicle Fuels Self-Service Dispensing Act."

2. The Legislature finds that the availability of motor vehicle  
9 fuel at a reasonable price and in a convenient and safe manner is  
critical to the welfare of the residents of New Jersey.

11 The Legislature also finds that the availability of self-service  
facilities in the dispensing of motor fuels provides an alternative  
13 method of purchasing motor fuels, from the conventional  
attendant service, by which motorists may save both time and  
15 money.

The Legislature further finds that New Jersey is one of only  
17 two states which deny, by statute, its residents this alternative  
means of purchasing motor fuels at retail and that the experience  
19 of the other states which do allow self-service is that it has  
proven to provide, to those customers who desire to utilize it, an  
21 efficient, economical and safe method of dispensing motor fuels.

The Legislature, therefore, declares that it is altogether fitting  
23 and proper, and within the public interest, to permit the  
dispensing of motor fuels at retail by motorists or persons other  
25 than the operator of a retail motor fuel station, or his employees,  
throughout this State; provided that self-service dispensing is  
27 done in accordance with the provisions of this act.

3. As used in this act;

a. "Act" means the "Motor Vehicle Fuels Self-Service  
Dispensing Act."

b. "Commissioner" means the Commissioner of the  
31 Department of Labor.

1 c. "Island" means a group of two or more pumps dispensing  
2 motor fuels which can accommodate one or more automobiles on  
3 each side of the pumps at a time.

4 d. "Motor fuels" means (1) any liquid or gaseous substance  
5 commonly or commercially known or sold as gasoline regardless  
6 of its classification or use; and, (2) any liquid or gaseous  
7 substance used, offered for sale or sold for use, either alone or  
8 when mixed, blended, or compounded, for the purpose of  
9 generating power for the propulsion of motor vehicles upon the  
10 public highways; and includes:

11 (a) All grades of motor gasoline, natural gasoline, marine  
12 gasoline, aviation gasoline, motor fuel blending naphthas,  
13 motor grade benzol and motor grade toluol;

14 (b) Any liquid prepared, advertised, offered for sale or sold  
15 for use as or commonly and commercially used as a fuel in  
16 internal combustion engines, which when subjected to  
17 distillation in accordance with the latest revised standard  
18 method of test for distillation of gasoline, naphtha, kerosene,  
19 and similar petroleum products (American Society for testing  
20 materials Method D-86) shows not less than 10% distilled  
21 (recovered) below 347° Fahrenheit and not less than 95%  
22 distilled (recovered) below 464° Fahrenheit; and

23 (c) All combustible gases which exist in a gaseous state at  
24 60° Fahrenheit and at 14.7 pounds per square inch absolute  
25 pressure, industrial naphthas and solvents, aromatic  
26 distillates, diesel fuel, and additives.

27 e. "Service island" means an island at which motor fuels are  
28 exclusively dispensed by a filling station owner, operator or  
29 employee.

30 f. "Self-service island" means an island at which motor fuels  
31 may be dispensed by customers of a filling station.

32 4. Each filling station in New Jersey may operate one, more  
33 than one, or all of its islands as either service islands or  
34 self-service islands, and there is no requirement that any fixed  
35 minimum number or fraction of the islands at a filling station  
36 offering self-service be service islands, provided however that  
37 each filling station shall operate at least one of its islands as a  
38 service island from 9:00 a.m. through 5:00 p.m.

1       5. The commissioner shall, within 90 days of the effective  
date of this section, promulgate, in accordance with the  
3 "Administrative Procedure Act," P.L. 1968, c. 410 (C. 52:14B-1  
et seq.), rules and regulations governing the self-service  
5 dispensing of motor fuels in conformity with a standard which  
shall be no less strict than the National Fire Protection  
7 Association Standard Number 30 and which, at a minimum, shall  
require that:

9       a. Each filling station offering self-service dispensing be  
under the direct control of a supervisor, employee, or  
11 attendant at all times when motor fuels are being dispensed or  
sold;

13       b. Motor fuels be dispensed only by a person who is not  
smoking;

15       c. A sign, in block letters at least four inches in height, be  
conspicuously displayed on each self-service pump stating  
17 that it is a self-service pump; or in the case of a self-service  
island that it is a self-service island;

19       d. Signs giving instructions for the operation of motor fuel  
dispensing equipment, in block letters at least one-half inch in  
21 height, be conspicuously posted at each self-service filling  
station offering self-service.

23       e. A sign bearing the following words in block letters at  
least two inches in height be conspicuously posted on each  
25 motor fuel pump where self-service is offered:

(1) "Stop Engine"

27 (2) "No Smoking"

(3) "Warning - It is Unlawful and Dangerous to Dispense  
29 Motor Fuels into Unapproved Containers."

31       f. All signs required by this section be constructed of  
rigid, weather-resistant material.

33       g. Motor fuel dispensing nozzles used by any person other  
than a supervisor, employee, or attendant be of an approved  
automatic closing type.

35       6. It shall be the responsibility of the attendant at a filling  
station offering self-service dispensing to:

37       a. prevent the dispensing of motor fuels into portable  
containers not in compliance with State regulations;

39       b. control sources of ignition; and

1           c. immediately handle accidental spills and fire  
extinguishers if needed.

3           The attendant or supervisor on duty shall be mentally and  
physically capable of performing the functions and assuming the  
5           responsibility prescribed.

7           7. There shall be present, at a station offering self-service  
dispensing, a clearly identified and easily accessible switch or  
circuit breaker at a location remote from dispensing pumps, to  
9           shut off the power to all dispensing pumps in the event of an  
emergency.

11          8. A motor fuels service station shall provide an attendant to  
dispense motor fuels at the self-service price into motor  
13          vehicles bearing a wheelchair symbol, as authorized by the  
Division of Motor Vehicles pursuant to P.L. 1949, c. 280 (C.  
15          39:4-205 et seq.), and operated by the same person to whom the  
Handicapped Permit was issued.

17          9. The dispensing area shall at all times be in clear view of  
the attendant and the placing or allowing of any obstacle to  
19          come between the dispensing area and the attendant control  
area shall be prohibited. The attendant shall at all times be able  
21          to communicate with persons in the dispensing area.

23          10. A person who operates or permits the operation of a  
filling station offering self-service dispensing in violation of this  
act, or any rule, regulation or order issued hereunder shall pay a  
25          penalty of \$100.00 for the first offense and \$250.00 for each  
subsequent offense. The penalty shall be sued for and recovered  
27          by, and in the name of, the commissioner, in summary  
proceedings pursuant to "the penalty enforcement law" (N.J.S.  
29          2A:58-1 et seq.) in the Special Civil Part of the Law Division of  
the Superior Court or municipal court of the county or  
31          municipality where the offense was committed.

33          11. Notwithstanding the provisions of any law, rule or  
regulation to the contrary, this act specifically allows for  
35          differentials in price posting between self-service dispensed  
motor fuels and motor fuels of like grade and quality when  
dispensed at the same station by a station owner, operator, or  
37          employee.

39          12. The commissioner shall report to the Legislature on the  
60th day following the effective date of this section, after  
consultation with the appropriate departments of State

1 government, on the rules and regulations necessary to provide a  
2 continuance of a competitive, efficient, economical and safe  
3 system of dispensing motor fuels.

13. P.L. 1949, c. 274 (C. 34:3A-1 et seq.) is repealed.

5 14. This act shall take effect the first day of the seventh  
6 month following enactment, except that sections 5 and 12 shall  
7 take effect immediately.

9 STATEMENT

11 Self-service at gasoline stations is now permitted in  
12 forty-eight of the fifty United States of America, and has  
13 proved to provide customers with efficient, economical and safe  
14 service. Nationwide estimates indicate that about 78% of all  
15 retail gasoline sold in our country is currently being dispensed on  
16 a self-service basis. The National Fire Protection Association  
17 Codes regulate and permit such operations (NFPA 30). The  
18 association's 1974 report and analysis shows that self-service  
19 operations are safe. This bill would permit self-service  
20 operations in New Jersey, but would require each filling station  
21 to operate at least one of its islands as a full-service island  
22 from 9:00 a.m. through 5:00 p.m.

23 A motor fuels service station would be required to provide an  
24 attendant to dispense motor fuels at the self-service price into  
25 motor vehicles bearing a wheelchair symbol and operated by  
26 that same person.

27 This bill also directs the Department of Labor to promulgate  
28 appropriate regulations to govern their operations.

29 The consumers of New Jersey should no longer be deprived of  
30 the savings in time and money self-service will provide.

31

33 MOTOR VEHICLES  
34 Motor Fuels

35

"Motor Vehicle Fuels Self-Service Dispensing Act."

ASSEMBLY, No. 813

STATE OF NEW JERSEY

Introduced Pending Technical Review by Legislative Counsel

PRE-FILED FOR INTRODUCTION IN THE 1988 SESSION

By Assemblyman OTLOWSKI

1 AN ACT concerning the dispensing of motor fuels and repealing  
P.L. 1949, c. 274.

3

BE IT ENACTED by the Senate and General Assembly of the  
5 State of New Jersey:

1. This act shall be known and may be cited as the "Motor  
7 Fuels Self-Service Dispensing Act."

2. The Legislature finds that the availability, to the motoring  
9 public of this State, of motor vehicle fuel in a convenient and  
safe form for sale at a reasonable price is critical to the welfare  
11 of the residents of New Jersey.

The Legislature further finds that the availability of  
13 self-service in the dispensing of motor fuels provides an  
alternative method of purchasing motor fuels, from the  
15 conventional attendant service, by which motorists may save  
both time and money.

The Legislature further finds that New Jersey is one of only  
17 two states which deny, by statute, its residents this alternative  
19 means of purchasing motor fuels at retail and that the  
experience of the other states which do allow self-service is  
21 that it has proven to provide, to those customers who desire to  
utilize it, efficient, economical and safe service.

The Legislature, therefore, declares and it is the intent of this  
23 act to authorize that the dispensing of motor fuels at retail by  
25 motorists or persons other than the operator or employees of the  
operator of the station shall be and is permitted throughout this  
27 State if done in accordance with the provisions of this act.

3. As used in this act;

a. "Act" means the "Motor Fuels Self-Service Dispensing  
29 Act."

b. "Commissioner" means Commissioner of the Department  
31 of Labor.

1 c. "Island" means a group of two or more pumps dispensing  
2 motor fuels which can accommodate one or more automobiles on  
3 each side of the pumps at a time.

4 d. "Motor fuels" means (1) any liquid or gaseous substance  
5 commonly or commercially known or sold as gasoline regardless  
6 of its classification or use; and, (2) any liquid or gaseous  
7 substance used, offered for sale or sold for use, either alone or  
8 when mixed, blended, or compounded, for the purpose of  
9 generating power for the propulsion of motor vehicles upon the  
10 public highways; and includes:

11 (a) All grades of motor gasoline, natural gasoline,  
12 marine gasoline, aviation gasoline, motor fuel blending  
13 naphthas, motor grade benzol and motor grade toluol;

14 (b) Any liquid prepared, advertised, offered for  
15 sale or sold for use as or commonly and commercially used as  
16 a fuel in internal combustion engines, which when subjected to  
17 distillation in accordance with the latest revised standard  
18 method of test for distillation of gasoline, naphtha, kerosene,  
19 and similar petroleum products (American Society for testing  
20 materials Method D-86) shows not less than 10% distilled  
21 (recovered) below 347° Fahrenheit and not less than 95%  
22 distilled (recovered) below 464° Fahrenheit; and

23 (c) All combustible gases which exist in a gaseous  
24 state at 60° Fahrenheit and at 14.7 pounds per square inch  
25 absolute pressure, industrial naphthas and solvents, aromatic  
26 distillates, diesel fuel, and additives.

27 e. "Service island" means an island at which motor fuels are  
28 exclusively dispensed by a filling station owner, operator or  
29 employee.

30 f. "Self-service island" means an island at which motor fuels  
31 may be dispensed by customers of a filling station.

32 4. The commissioner shall, within six months of the effective  
33 date of this section, promulgate, in accordance with the  
34 "Administrative Procedure Act," P.L. 1968, c. 410 (C. 52:14B-1  
35 et seq.), rules and regulations governing the self-service  
36 dispensing of motor fuels in conformity with a standard which  
37 shall be no less strict than the National Fire Protection  
38 Association Standard Number 30 and which, at a minimum, shall  
39 require that:

1 a. A filling station offering self-service be under the direct  
control of a supervisor, employee, or attendant when motor  
3 fuels are being dispensed or sold;

5 b. Motor fuels be dispensed only by a person who is not  
smoking;

7 c. A sign, in block letters at least four inches in height, be  
conspicuously displayed on each self-service pump stating that  
it is a self-service pump; or in the case of a self-service island  
9 that it is a self-service island;

11 d. Signs giving instructions for the operation of motor fuels  
dispensing equipment, in block letters approximately one-half  
inch in height, be conspicuously posted at each filling station  
13 offering self-service;

15 e. A sign bearing the following words in block letters  
approximately two inches in height be conspicuously posted on  
each self service island:

17 (1) "Stop Engine;"

(2) "No Smoking;"

19 (3) "Warning-It is Unlawful and Dangerous to Dispense  
Gasoline into Unapproved Containers;"

21 f. Signs required by this section be constructed of rigid,  
weather resistant material;

23 g. Motor fuels dispensing nozzles used by any person other  
than a supervisor, employee, or attendant be of an approved  
25 automatic closing type.

5. It shall be the responsibility of the attendant at a  
27 self-service station to: a. prevent the dispensing of motor fuels  
into portable containers not in compliance with State  
29 regulations, b. control sources of ignition, and c. immediately  
handle accidental spills and fire extinguishers if needed. The  
31 attendant or supervisor on duty shall be mentally and physically  
capable of performing the functions and assuming the  
33 responsibility prescribed.

6. There shall be present, at a station offering self-service  
35 motor fuels, a clearly identified and easily accessible switch or  
circuit breaker at a location remote from dispensing pumps, to  
37 shut off the power to all dispensing pumps in the event of an  
emergency.

39 7. A motor fuels service station which offers both  
full-service and self-service dispensing operations shall provide  
41 an attendant to dispense motor fuels at the self-service price

1 into motor vehicles bearing a wheelchair symbol license plate,  
2 as authorized by the Division of Motor Vehicles pursuant to P.L.  
3 1949, c. 280 (C. 39:4-204 et seq.), and operated by that same  
4 person.

5 8. The dispensing area shall at all times be in clear view of  
6 the attendant and the placing or allowing of any obstacle to  
7 come between the dispensing area and the attendant control  
8 area shall be prohibited. The attendant shall at all times be able  
9 to communicate with persons in the dispensing area.

10 9. A person who operates or permits the operation of a filling  
11 station offering self-service in violation of this act, or any rule,  
12 regulation or order issued hereunder shall pay a penalty of  
13 \$100.00 for the first offense and \$250.00 for each subsequent  
14 offense. The penalty shall be sued for and recovered by, and in  
15 the name of, the commissioner, in summary proceedings  
16 pursuant to "the penalty enforcement law" (N.J.S. 2A:58-1 et  
17 seq.) in the Special Civil Part of the Law Division of the  
18 Superior Court or municipal court of the county or municipality  
19 where the offense was committed.

20 10. Notwithstanding the provisions of any law, rule or  
21 regulation to the contrary, this act specifically allows for  
22 differentials in price posting between self-service dispensed  
23 motor fuels and motor fuels of like grade and quality when  
24 dispensed at the same station by a station owner, operator, or  
25 employee.

26 11. The commissioner shall report to the Legislature on the  
27 first day of the fourth month following the effective date of this  
28 section, after consultation with the appropriate departments of  
29 State government, on the rules and regulations necessary to  
30 provide a continuance of a competitive, efficient, economical  
31 and safe system of marketing motor fuels.

32 12. P.L. 1949, c. 274 (C. 34:3A-1 et seq.) is repealed.

33 13. This act shall take effect the first day of the seventh  
34 month following enactment, except that sections 4 and 11 shall  
35 take effect immediately.

36  
37 STATEMENT

38 Self-service at gasoline stations is now permitted in all but  
39 two states and has proved to provide customers with efficient,

1 economical and safe service. Nationwide estimates indicate  
3 that about 40% of all retail gasoline sold in our country is  
5 currently being dispensed on a self-service basis. The National  
7 Fire Protection Association Codes regulate and permit such  
9 operations (NFPA 30).

11 This bill will permit self-service operations in New Jersey and  
13 directs the Department of Labor to promulgate appropriate  
15 regulations to govern their operations.

17 The consumers of New Jersey should no longer be deprived of  
19 the savings in time and money self-service will provide.

11

13

## MOTOR VEHICLES

### Motor Fuels

15

"Motor Fuels Self-Service Dispensing Act."

ASSEMBLY, No. 1385

STATE OF NEW JERSEY

Introduced Pending Technical Review by Legislative Counsel

PRE-FILED FOR INTRODUCTION IN THE 1988 SESSION

By Assemblywoman RANDALL

1 AN ACT to direct the Commissioner of Labor to adopt, issue  
and promulgate rules and regulations permitting and governing  
3 the dispensing of gasoline and other flammable liquid at retail  
filling or service stations by the general public, supplementing  
5 Title 34 of the Revised Statutes and repealing "An act to  
regulate the sale and dispensing of gasoline or other  
7 inflammable liquid at retail filling and service stations and  
providing penalties for violations," approved May 28, 1949  
9 (P.L. 1949, c. 274).

11 BE IT ENACTED by the Senate and General Assembly of the  
State of New Jersey:

13 1. The Commissioner of Labor is directed to adopt, issue and  
promulgate, in the name of the Department of Labor, rules and  
15 regulations permitting and governing the dispensing of gasoline  
or other flammable liquid at retail filling or service stations by  
17 the general public for their own respective purchases which  
rules and regulations are the same as or substantially in  
19 conformance with Code 30 of the Flammable and Combustible  
Liquids Code of the National Fire Protection Association.

21 2. P.L. 1949, c. 274 (C. 34:3A-1 et seq.) is repealed.

23 3. This act shall take effect immediately.

25 STATEMENT

27 Self-serve gasoline stations are now permitted in 46 states  
and have been proven to provide customers with efficient,  
29 economic and safe service. Nationwide estimates indicate that  
about 15% of all retail gasoline sold in our country is currently  
31 being dispensed on a self-serve basis. The National Fire  
Protection Association Codes regulate and permit such  
33 operations (NFPA 30).

1       The association's 1974 report and analysis shows that  
2 self-serve operations are safe. This bill would permit self-serve  
3 operations in New Jersey now prohibited by law and would direct  
4 the Department of Labor to promulgate appropriate regulations  
5 to govern their operation.

6       The New Jersey consumer should no longer be deprived of the  
7 savings self-serve can provide.

9

#### COMMERCE AND INDUSTRY

11

##### Motor Fuels

12       Directs the Commissioner of Labor to promulgate regulations  
13 governing the operation of self-service gasoline stations.

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ASSEMBLYMAN GARY W. STUHLTRAGER (Chairman, Assembly Law, Public Safety and Corrections Committee): May I have your attention, and ask that everyone who can find a seat, to please find one?

Let me begin by welcoming everyone to this joint hearing of the Senate Law, Public Safety and Defense Committee and the Assembly Law, Public Safety and Corrections Committee. I don't have to reiterate what we are all here to talk about today, and listen to. There are four bills currently pending in the Legislature that deal with the issue of self-service gasoline. We are here today, but I think it should be mentioned that no one is anticipating that a vote is going to be taken today on any of these bills. This is an information-gathering hearing. We thought, because there are so many people who have strong feelings about this issue, both pro and con, we would bring these two Committees together to get testimony. At the same time, this will save you, as well as ourselves, time, and will also make sure we are all getting the same information.

Since 1980, a number of bills have been put in. This issue has been kicked around for a long time. We are hoping this hearing today, and additional consideration, will result in what the people of New Jersey are looking for with respect to this issue.

With that, allow me to introduce Senator Graves, who needs no introduction, of course, for a few comments, before we move to the sponsors of the bills which are pending, for a brief summarization of what those bills entail. Then we will move right into the speakers.

SENATOR FRANK X. GRAVES, JR. (Chairman, Senate Law, Public Safety and Defense Committee): Okay. We ask you to cooperate with us as best as possible. Refrain from smoking; refrain from responding to any form of testimony, whether you are in favor or not. I can assure you that we are not going to be persuaded by that.

What we will probably try to do is-- There are four bills, as the Assemblyman has pointed out. We will see if we can consolidate and make a Committee substitute -- a Joint Committee substitute. What the spin-off will be is, we will return to both of our own houses, so to speak, and report to full committees what the general feeling throughout the State is.

Now, if there are dealers here, or if there are company-owned persons, or if there are corporate officers here, or lobbyists, we would ask that you refrain from being repetitive. If the most striking point you have has already been given by one or two people, please don't burn your time out by repeating the same thing all over again.

In closing, please refrain from talking. Please refrain from smoking. I can see that I am not making much of an impression. Why don't you close the door, and come forward as much as possible, so we are not in competition with the hall.

ASSEMBLYMAN STUHLTRAGER: They can move up along the sides. We don't have any problem with that.

SENATOR GRAVES: We have no problem with your coming on the other side of the aisle, as long as you don't take a seat.

ASSEMBLYMAN STUHLTRAGER: Why don't those of you in the aisle come up and kind of filter along the sides here. I guess we're safe if you're behind us, at least until we make a decision. If there is anyone out in the hallway who wants to get in-- Is this being piped outside?

MS. SZILAGYI (Committee Aide): I think so, yes.

ASSEMBLYMAN STUHLTRAGER: Okay. Let's try to get as many people in as want to be in here.

SENATOR GRAVES: Assemblyman, if you will call the first witness, please.

ASSEMBLYMAN STUHLTRAGER: We have been joined by Assemblywoman Randall. We are going to begin with Senator

Gerald Cardinale, sponsor of one of the bills before this Committee. Senator?

SENATOR GERALD CARDINALE: Thank you, Mr. Chairman -- both Chairmen. The unique thing, I think, about self-service today, is that-- This is the first time I am addressing a Joint Committee, although ever since I was first in the Legislature, this item has been on my agenda.

I think to understand this problem requires an understanding of why we're in the position we're in at the present moment. At one time, it was considered unsafe to allow the consumer to pump his own gasoline. So, in the '50s, or so -- the late '40s -- in the State of New Jersey, we outlawed consumers pumping their own gasoline. Since that time, there have been many, many technological advancements. Those technological advancements have changed the safety issue. Today -- and we can look at other states -- there is no reasonable justification for saying -- with modern technology, with automatic shutoff nozzles, with the kind of fire suppression equipment available -- that there is any longer any reason, from a public safety perspective, why we should not allow people to pump their own gasoline.

Now, there are some side issues which, over the years, have developed. Those side issues are issues of turf, are issues of labor, are issues of availability at nighttime in high crime areas for the public. There are issues of price. There are issues of handicapped people -- what they would do, if they had to pump their own gas.

Let me attempt to address some of these issues. The person who is most affected in terms of the turf issues is not the gasoline companies; it is not the gasoline dealers; it is the consumer of the State of New Jersey. That is the person who is most directly affected. The greatest number of people who will be affected are in that category.

We have a lot of people here today who do not fall into that category. We have here before us today people from oil companies and people from, perhaps, the Department of Labor -- one or two. We have people here from the dealers, and they are representing their interests.

I ask everyone on this Committee to bear in mind that we are elected, not to serve those interests, but to serve the interests of the average consumer and where those interests lie.

These bills have been drafted in an attempt to address the needs of the consumer of the State of New Jersey. What benefits might flow to the consumer of New Jersey? There is the benefit, obviously, of personal freedom. I will probably always go to a station, regardless of what happens, where gas will be pumped for me. That is a choice I am likely to make, because when I have been in states where there is self-service gas available, it has been, in the past, my personal choice to go to those islands, or to go to those stations where gas is pumped for me. That's a fact. I mention it because there is a general concept attempted to be perpetrated on the Legislature that when self-service comes into a state, suddenly there is no place where those who would prefer to have full-service can turn.

The statistics are very clear. Most stations in those states where this kind of approach is legal, continue to offer full-service to those who want it. Sometimes there is a price differential. Generally there is a price differential. Sometimes there is a price differential which is very small, and is only related to the difference in the cost of pumping the gas. Sometimes the price differential is definitively meant to discourage full-service. There was a situation in Philadelphia not too long ago, where they mandated that there be a split island. The price differential got to be so great, that as a result there were some legislative changes, to change what was in the law. The public had begun to perceive that it

was not being benefited by requiring all of the kinds of things that we have talked about for so many years -- all of the restrictions on self-service.

When I first came into the Legislature, I introduced a bill that is very similar to the bill that Assemblywoman Randall has before this Committee today. If I had my preference, despite the fact that I have introduced a much more complicated bill-- If I had my personal preference, I would just say, "We should allow everyone to have their freedom to choose." Do I want to go to a self-service station? Do I want to go to a full-service station? Do I want to go to a mixed station? And just let the marketplace govern what would happen in each individual circumstance. I think that is the best approach.

But, in eight years, I have learned that unless we make some compromises, we are not likely to see legislative action. So, I have before you a bill that is far more complex, and that attempts to address some of the concerns of each side. Over the years, lots of compromises have been made. But in my bill, even though it has only recently been put forward, I have been made aware that there are some technical deficiencies, and I would like to bring those to the Committee. There are a couple of technical deficiencies which I, as the sponsor, see now, and I would hope that the Committee would share my view and incorporate them into your ultimate deliberations.

One, it has been pointed out to me that the requirement for having a self-serve island, particularly to serve handicapped people, does not, as we have drafted it, fit the configuration of all types of gasoline stations that are being built, particularly where the island is located on a booth. That happens to be a very wide island. While this is a detail, I think it is an important detail. We would have required that both sides of that very wide island be

self-serve, under my bill -- be full-serve, under my bill. Whereas, our intent would be very much served by having only one side of that be attended, and the other side could be whatever it was chosen to be. I was given a plan of how that works, which I will leave with the Committee, so you can see more graphically exactly what it is I am talking about.

Our intent to provide a place where handicapped people can get gas pumped for them would be served even if the language were changed to require only one side of a booth island to be full-service.

Secondly, it has been suggested that the handicapped hours-- There is a problem in some of the ways we have drafted it. At nighttime, in the depths of the city of "X" -- I am not going to say Paterson, Senator Graves-- There are some places in the State of New Jersey that are high crime areas. I think we all deplore that. We are all doing everything we can to stop it, but we all recognize that it really exists. We know that in those areas there is a very grave difficulty for the consumer in buying gasoline. It's a fact; it is not deniable. If we require that there be an attendant even for handicapped cars after dark in those areas -- the hours that are not the nine to five hours -- then we are going to undo a great deal of the good we could have done for those consumers who find themselves in an inner city where they need to get gas, or any other high crime area. High crime areas are not just limited to inner cities. There are many places that are not inner cities where there is great risk of crime.

Therefore, what I would suggest is that we limit this handicapped service time to the hours of nine to five. Making those two minor changes, I would hope this Committee would favorably consider this bill.

I want to reiterate that we are not here to represent organized labor. We are not here to create jobs for people, especially in today's climate, where you cannot find people to

do jobs in the low-paying area. We are not here to support the oil companies. We are not here to support the dealers. We are here to support the people of the State of New Jersey, and they would best be served by having the option of pumping their own gas, since there is no longer any safety issue involved.

I thank you very much.

SENATOR GRAVES: Senator, if we're going to talk about a Committee substitute -- because there are four bills -- let's get to the goal. You favor a split aisle decision. In other words, if there is going to be a self-service point of view in this one station we are talking about, there also must be an island between the daylight hours, at least six days a week, that will permit the elderly, or anybody else who wants to have service themselves, to go to that island. The second aisle could be self-service. You're talking about the split aisle. Is that what your goal is?

SENATOR CARDINALE: Well, Senator, my first preference is that we don't make such requirements. But I have introduced a bill that has such requirements. Now, my bill is that there would be in effect a mandatory split island, but limited to--

SENATOR GRAVES: Senator, one bill isn't going to get out. It is going to be a combination of all bills.

SENATOR CARDINALE: I understand that, yes.

SENATOR GRAVES: So, I think we all understand what your bill stands for. What I am saying to you is, if there is a Committee substitute that is agreed to by both the Assembly and the Senate -- Gary's Committee, my Committee -- if we come out with one bill that has the same goal, would you be willing -- understand it would be a Committee substitute, but it could also bear your name -- that a station cannot be self-service unless it has an island that is serviced, so that the elderly, the handicapped, and those who just want to be serviced will always have that service available to them?

SENATOR CARDINALE: I would urge the Committee that if such a regulation is adopted, that we limit that to the handicapped between the hours of nine to five. Now, there are a number of ways that can be done. We can limit it to the handicapped, and say there can be no price differential. But the handicapped between nine and five must be served if they carry a sticker on their car, or a license plate, some means of governmental identification that this is a handicapped car; that that can be served at no price differential, because as soon as you have a price differential, Senator--

SENATOR GRAVES: But, you just say yourself, for your own service, you want to go to an island that will be tended by a station attendant. Why do you want to put a restriction within the statutory--

SENATOR CARDINALE: Let me say this: I have gone to stations in New York. I have seen, in most of those I have gone to, a differential of between three cents and maybe seven cents a gallon, for the sake of having the gas pumped. I have seen stations alongside of another station that are full self-service, one, and full-service the next one, with no options, and they are next-door to one another. I have seen as little a differential in those circumstances as three cents a gallon.

I have chosen, as a free choice that I make, to go to the one with full service and pay the differential in price. I even did that in Washington, D.C., where I went into a station -- I testified before your Committee about this -- where I think there was a 28-cents-a-gallon differential in the same station. But I went to the full-serve pumps because I was tired, and I wanted to do that. But that was my choice.

I don't think we should lock the consumer in, but if what this Committee is going to do is come with a split island concept, I think we should have a limited split island concept, limited by hours, but attempt also to protect those consumers

who are most in need, by saying at this handicapped pump -- if you want to call it a handicapped pump -- that we should not allow a differential in the price, because I think then we begin to defeat the purpose we have. But not make that available to every consumer, because that would also defeat the other purpose.

ASSEMBLYMAN STUHLTRAGER: Thank you, Senator. Does anyone on the Committee have any questions of the Senator? Assemblyman Pelly?

ASSEMBLYMAN PELLY: Thank you, Mr. Chairman. Assemblyman Frank Pelly here, Senator.

SENATOR CARDINALE: How are you?

ASSEMBLYMAN PELLY: Greetings. I want to ask you a question with respect to the consumer. You indicated rather vigorously that we should all be interested in the consumer, and the consumer would, indeed, be greatly affected, as you point out. I am very interested in knowing about the price the consumer would expect to pay under the self-service situation. I notice that in your bill you haven't mandated a price reduction.

My question is, very specifically, would the consumer experience a rate per gallon reduction in gasoline if, in fact, your bill were enacted today, and how?

SENATOR CARDINALE: I know that within the Legislature there were various approaches to market philosophy. Some of us agree more than others that the free market is a beneficial thing to all people in our society, primarily to consumers. I believe that. As a businessperson myself, I know that when I have costs, I must reflect those costs in my price. I may, for marketing reasons, choose to sell something at a lower price, even than my costs at times. I may choose to have a higher than normal markup at other times. But, in general, when costs are increased, prices must be increased in any kind of free market system, or you go out of business.

Conversely, when the costs are decreased, if we impact an industry -- whatever that might be -- with higher costs-- If we say that drugs are going to have a 10% additional tax on them to go to the State, or that you must hire an additional person to put a label on a prescription, that is going to cost the consumer money -- I don't care how you slice it -- ultimately. It might not cost them money the first day you put it into effect, or it might cost them a great deal. That is an individual marketing decision.

Now, I have not mandated it. There have been various other bills where we have talked about mandating price differentials. There are times -- to fully answer your question -- where we have tried to analyze what is the real cost of pumping a gallon of gas. The best number we came to -- and it's old; it's very approximate -- was about a nickel a gallon. It might be three cents; it might be seven or eight cents. And it varies, certainly, on the gallonage that is done in any particular station. Certainly, if you have to employ an attendant, and he is only going to pump 100 gallons of gas that particular day, that is going to be a much higher cost than if that same attendant is in a station where he might pump 3000 gallons of gas in that one day -- that same attendant.

So, that variation is very wide across the spectrum of stations. I don't mandate that any station go into being a self-service station either. That is a marketing decision that ought to be left. When that decision tends to be made in other states, it is only a third of the stations that become full self-service stations. It is only one-third. The rest of them are either split island-- If there are no regulations that prevent it, the rest of them are split island or they are full-service.

So, I don't think we should mandate a specific dollar amount, because there is no way we could do that sensibly, and have that equally sensible for all the different stations that

might be involved. That is a marketing decision that has to be left.

But I can also tell you this: Those marketing decisions-- You can go out on any highway, and you can see those marketing decisions being made. You can see Exxon stations -- I am just going to use one company -- where gas is, I'll bet, 10 cents a gallon different from one place to another. I drive a diesel car. The car I drove here today is a diesel car. There are two Merit stations where I buy diesel fuel. One is on Route 46 and one is on Route 4. They are within two blocks of one another, but it is a little circuitous route. In that same company, the same grade of fuel, there is a three-cent differential in gallon price right now today. That is a marketing decision that has been made by those people, absent any cost differential.

So, I think if we want to start mandating these kinds of things, we will be on very, very slippery ground.

ASSEMBLYMAN PELLY: So, basically your bill has no mandate within it for reducing the price of gasoline, nor do you intend to incorporate a mandate into your legislation. I am trying to understand the public benefit that will be gained by going to self-service. You're talking about personal freedom, and that's great. I would applaud personal freedom, but it doesn't do a thing for me or any member of my family, other than allow me to go from one gas station to another, or from one dentist to another, or from one pharmacist to another. I see no guarantee that that personal freedom is going to be anything but two words -- personal freedom. I want to do something other than applaud that. I am trying to look for some mechanism for doing that, and I hope throughout this hearing someone will provide us -- of those who are here -- with that mechanism incentive.

SENATOR CARDINALE: Assemblyman, I think you missed my first point. Perhaps I answered you in too lengthy a fashion.

We, today, mandate, in the State of New Jersey, a cost factor of pumping gas, by mandating an attendant. If we remove that cost factor, it is my belief that ultimately that reduction in cost will flow as a benefit to the consumer, because some dealer -- and that is why a lot of dealers are here opposing it -- having reduced costs, along a highway where there are 15 stations within a mile, is going to reduce it in order to capture a greater market share. The others are going to have to follow suit.

What we have now is an anti-competitive device which limits the desirability of any dealer lowering his price. Sometimes they still do. But it limits their ability by the factor of their market costs -- the costs of the labor to pump that gallon of gas. They don't have that to play with, and they can't give the consumer the benefit of not having that.

ASSEMBLYMAN STUHLTRAGER: Thank you, Senator. .

SENATOR CARDINALE: Thank you very much.

ASSEMBLYMAN STUHLTRAGER: Thank you very much. I hope you can stay around for a little while.

SENATOR GRAVES: I've got him blocked in.

ASSEMBLYMAN STUHLTRAGER: He can't get out, right?

SENATOR GRAVES: He can't get out.

ASSEMBLYMAN STUHLTRAGER: I would like to now ask Assemblywoman Randall, the sponsor of a similar bill, if she would like to summarize the provisions of that bill, and answer any questions we may have. Assemblywoman Randall?

ASSEMBLYWOMAN RANDALL: Good morning, Mr. Chairman and Mr. Chairman.

ASSEMBLYMAN STUHLTRAGER: Good morning.

ASSEMBLYWOMAN RANDALL: I may have to be very short and sweet, because I was late getting here, and I parked in President Russo's parking spot outside. (laughter)

The version of the bill -- as you all know, I'm sure -- I have is the short and sweet version. It does not get into

the specifics at all. I am inclined, given the number of people I see here today, and the number of issues which just our first speaker and sponsor, Senator Cardinale, raised, to reflect on whether or not we should get more specific than my particular proposal is. I will certainly listen with great interest, as we hear the number of issues that are raised here.

I do have a preliminary feeling. Obviously my bill reflects an attitude in terms of the free marketplace, similar to the philosophical view expressed by the Senator. I do not feel it is appropriate to mandate a rate reduction. That runs counter -- directly counter actually -- to the notion of allowing the free marketplace to do its job. I don't think we can do that any more than we can do it in the insurance industry, quite frankly. Mandated rate reductions are certainly not my cup of tea as an individual legislator.

However, my bill simply repeals the statute which would prohibit self-service sales. That's it. Of course, it leaves the promulgation of the regulations to the Commissioner of the Department of Labor. We don't know up-front what those regulations would be. And, under this legislative proposal, we delegate to the Executive Department of Labor, that particular role.

Right now, at this juncture of the hearing, I certainly am inclined to say that I stand by that. But, Mr. Chairman, I think really I will wait and see how the testimony evolves, and comment on whether or not I think we have to tailor it to include some guarantees, which ordinarily we would count on one of our executive departments to implement.

Thank you.

ASSEMBLYMAN STUHLTRAGER: Thank you, Assemblywoman. What we are going to do now-- We have a number of speakers, but what we would like to begin with is to have, really, one speaker who, it is my guess, will be able to sort of summarize and provide a particular point of view, one pro and one con,

and thereafter, of course, we will move down the list of speakers. But I do want to try to balance it here at the beginning.

ASSEMBLYMAN PELLY: Mr. Chairman, I have a question of the last legislator with respect to her bill.

ASSEMBLYMAN STUHLTRAGER: I'm sorry, Mr. Pelly. Please go ahead.

ASSEMBLYMAN PELLY: Assemblywoman Randall, I see that you have outlined your bill, of course, requiring the Commissioner of Labor to promulgate the regulations. Have you spoken to the Commissioner of Labor with respect to your proposal?

ASSEMBLYWOMAN RANDALL: No.

ASSEMBLYMAN PELLY: You have not?

ASSEMBLYWOMAN RANDALL: No.

ASSEMBLYMAN PELLY: Has the Commissioner of Labor, or the Department of Labor conveyed a position to you with respect to the whole idea of self-service?

ASSEMBLYWOMAN RANDALL: No. I do not know their position. I don't even know if we could expect to hear from any representatives today, in terms of what those anticipated regulations would be. It is a strict delegation of the authority. I cannot say, as I sit here, that I know what the outlines of their proposed regulations would be.

ASSEMBLYMAN PELLY: You have mandated that they come up with the rules and regulations with respect to the entire issue of self-service, but you have not spoken to that Department to see if they have any ideas or any thoughts with respect to, not only the issue of self-service, but also the issue of coming up with viable rules and regulations to institute self-service in New Jersey. Is that correct?

ASSEMBLYWOMAN RANDALL: That is correct. I would say that if it is a question of an outright giving away of the authority, quite frankly, if you get into a notion of, have I

spoken to them, what have they told me, and can I guarantee that they will follow through with what they have told me at that point-- If you really don't think they are likely to follow through in every respect, or if you want to guarantee that they are going to follow through in every respect, then we might as well implement in the legislation up-front exactly what it is we would hope and expect the Department of Labor to do. That is the debate that I would like to hear today, in terms of whether or not there are certain aspects of regulation which, as a group, we would deem so important, that we would like to guarantee that they are going to be required; that they would not even be at the discretion of the Commissioner to adopt or not adopt.

ASSEMBLYMAN STUHLTRAGER: Any other questions, Assemblyman?

ASSEMBLYMAN PELLY: No, thank you.

ASSEMBLYMAN STUHLTRAGER: At this time, I would like to call the first speaker from the New Jersey Gasoline Retailer's Association, Mr. Jerry Ferrara.

J E R R Y M. F E R R A R A: For the record, I guess-- I don't know if we are keeping a record.

ASSEMBLYMAN STUHLTRAGER: Is that button pushed? Is the red light on?

MR. FERRARA: Yeah.

ASSEMBLYMAN STUHLTRAGER: Okay, you're all right then.

MR. FERRARA: I'm on. My name is Jerry Ferrara. I am the Executive Director of the New Jersey Gasoline Retailer's Association. We represent 3000 service stations in New Jersey. Among those may be dealers who, for various reasons, favor self-serve. Every two years, we do make a survey to get their opinions. Of course, one is currently in the making. With the new Legislature, we did not anticipate a hearing coming up so quickly. But in the past, approximately 9% favored self-serve, and of those 9%, the majority put a

contingency on it that if we had self-serve, we should also have divorcement, which is not an issue here today. To explain divorcement, for those of you who are not familiar with it, it is a question of allowing the companies to own the land, build the stations, give us franchises, beat us over the head for extraordinary rents, anything they want, but not run the stations directly in competition with their dealer, which seems to be happening around the country.

The issue of self-service gasoline has come before this Legislature several times in the past 10 years, without any real basic changes in the issues. In fact, 10 years have gone by with the advent of maybe much more efficient computer pumps and technology, but on the issues, primarily there have been no changes.

No consumer group has ever been interested in it. It was pushed by major oil companies and a few gas station chain operators.

As a background, it must be noted that in 70% of the service stations in New Jersey, the major oil companies either own or lease the property from a private individual. They additionally supply approximately 15% more which are individually owned stations. The result is, they are both the landlord and/or supplier of most of the service stations.

A phenomenon has been happening in the past years. In 1973, we had 6000 service stations. We have 4000 now. The phenomenon I refer to is the fact that the major companies are not renewing the underlying leases among the smaller stations, or are putting up the properties for sale. What they consider small stations are what were the average years ago, a station doing 40,000 or 50,000 gallons a month, servicing the public with repairs. If you had a squeak or a bump, you came in. They are eliminating them. And the strange coincidence -- to show the power of supply -- is, if an individual owns his own property, owns the tanks, and owns the pumps, at no extra cost

to a major oil company, they are canceling their contracts to supply, on an issue that is not economically viable, because a Federal act says if it is not economically viable, they can do so.

I put the challenge to you gentlemen here today. If a station is under those conditions and buys a tankful of gasoline -- a truck load, 8500 or 9000 gallons, no split loads, he takes the whole delivery -- once a week, or once a day, what are the economic differences? Is there a reason? Yes, there is a reason. The reason is the long-range goal to eliminate the small service stations, and create the high volume gas only, and ultimately self-serve stations, where down the road apiece -- as they say down South -- they will be more conducive for direct company operations.

If there is any doubt about that, I tell you to travel around the country. They are not increasing the numbers proportionately of company-operated stations, but they are increasing the throughput. By eliminating the smaller stations, they are increasing the throughput.

Self-serve was pushed throughout the country by the companies as part of a plan to eventually have what I just told you -- high volume, gas only, computerized stations, conducive for company operations.

During the past couple of years, nearly every brand-new station built by a company -- not reconditioned, built by a company in this State -- became company-operated. Some of them are now reverting back to dealers because of the difficulty of finding managers, and what have you, to operate the stations. The fact that this has taken place is evidenced in cities and towns throughout the country. We are beginning to find it impossible to get any minor repairs and service. Many are attempting to slow it down. In California, 15 towns, including San Francisco City and San Francisco County, Santa Barbara City and County, and other cities, are requiring that

before any change can be made from split island, self-serve to full self-serve, it be justified.

What is happening in those towns-- We had the ultimate high volume, split island. You could get service, self-serve, and some repairs. They are demolishing them, and erecting full, pure self-serve only stations, with a convenience store. If the dealer does not agree to do that, in many instances they are building stations down the road, and selling to them. We have a big problem with California dealers trying to seek, through the Congress today, a guaranteed supply, because of the difficulty of being guaranteed they can supply it.

In New Jersey, we've got a real important problem. We had 11 refiner-direct suppliers in this State. We are down to six now, with the bulk of companies being serviced by what you would call a "distributor." In doing so, they are eliminating stations. God forbid we ever get another crisis in this State. You're going to see what the real problem is.

Many other towns throughout the country attempted to strengthen ordinances, but were continually challenged in the courts by the major oil company. I believe East Hampton, Long Island, has been up that line three or four times already -- being challenged. They barred self-service under various safety codes, and what have you. In Massachusetts, a number of cities. Pittsburgh barred, Erie, Pennsylvania, where they had that option. You must remember, only four states in this country barred self-serve originally. It just rolled into the other states, and just took over.

We get to the issue-- Very often, I heard here this morning from Senator Cardinale, consumer free choice. His reasoning does not take in the fact that the companies can arbitrarily change the format to self-serve, with no real reduction in price, for an escalating full-serve price of 20 cents to 30 cents, with the illusion that self-serve is

cheaper. Once it is done, what free choice does the consumer have? If you pull into a station and it is self-serve and split island, your choice is what? Paying 20 cents more a gallon to get full-service, or serving yourself.

In our opinion, proponents of self-service spent close to a half a million dollars to put the issue on the ballot. Then, even with the support of the major newspaper -- The Oregonian -- it was defeated. In fact, when I tried to get a clipping of the vote results, hoping I would find a story years ago that could be used, the only thing I found was about a two inch line, you know, the kind when you get the results of votes. Not even an article from that newspaper that the voting public turned that down.

Consumer savings -- another great misnomer being proposed. This is an absolute fraud, as comparisons with neighboring states will indicate comparable prices for gasoline in New Jersey, even making allowances for any tax differences. At the last hearing we had, I offered Senator Graves and the entire Committee, that year that we had a combined bill -- the (indiscernible) self-serve and the companies, and they split it -- to take the entire Committee, and I make that offer to you gentlemen here today-- Instead of a bus like I offered the last time, how about stretch limousines? Let's cross over to Pennsylvania. We'll even have a bar in there where you will be permitted to drink only soda, so you won't get in any trouble with Senator Graves' laws. Make a purchase of gasoline in a branded station over there. Come over to this side of the river, find a like brand, and I will almost bet you support of the bill that you will almost find comparable prices here, even making allowances for the differences in taxes.

Reality-- Why don't we acknowledge that full-serve prices are 20 cents to 30 cents less than other states? Or, conversely, if you want full-service in other states when you leave New Jersey, you're paying 20 cents to 30 cents a gallon

-- not five cents a gallon. Doc, I would like to know where the five cents a gallon difference is, because I don't believe that exists anyplace today.

The AAA surveys -- and I understand they will be testifying later -- show that New Jersey continually has one of the lowest average prices in the entire country. By strange coincidence, Oregon -- the only other state which prohibits self-service -- has the lowest average price on the West Coast. Who are we kidding that the consumer is going to get a break if we put self-serve in? Don't those two states stand out and tell you something?

Safety -- another issue that will come up here today. No real statistics are available at present, but we have a large collection of newspaper articles that point out the hazards of spilled gasoline on one's self; lighting a cigarette and igniting themselves; cars pulling away with the pump hose still attached; etc. We have included a small sampling in the brochure we gave you.

In court testimony where we were arguing major safety, I could not be qualified as an expert, because I never testify on statistics on safety. I have been an expert in court on the gasoline industry for the past 15 years. However, when I read a newspaper clipping, mailed to me either by a traveler or a former New Jersey resident-- Grandmother was filling up the car, left the motor running. Grandson put the car in reverse. She tried to stop it. She's up waiting at St. Peter's gate for her grandson to grow up. I don't know what she'll do to him when she catches him. A woman, spilling gasoline on herself, going in to wash her hands, electrocuted and ignited herself. Another woman with a cigarette. Cars pulling away and tearing down pumps. We could go on ad infinitum. If you want them, I can give you a collection. True, I haven't got a collection that says these things happened yesterday. But sometimes the good Lord watches out for me, because on February 2 -- in your

neck of the woods, Senator Cardinale -- a motorist filled up a car right outside the kiosk where the attendant was; gasoline vapors went down -- whether he had a leaking tank, or whatever happened -- he was walking around, the car went up in flames. The cashier was trapped in the kiosk. He had to run out of it, roll in the snow, and put the fire out. He was burned to a degree. Now, is that a statistic? I have a newspaper article on it. Are you going to call the reporter in to vouch for it?

We can go on and on. One cannot escape the fact that gasoline is a very volatile product, and human frailties continue to exist. Therefore, the possibility of one of 100 people pumping their own gas once a week causing an accident, vis-a-vis a trained attendant serving the same number each day, the odds most surely are heavily weighed against self-serve.

Our members are constantly hearing motorists returning from trips saying, "Thank you for not having self-service."

One prominent New Jersey woman I met at a-- I went over to say hello to her, and she said, "I could kiss you, Jerry Ferrara." And I said, "When a beautiful woman wants to kiss me-- Kiss me first, and tell me what it's all about later on." With that, she related a story about going to Florida and getting caught without gasoline late at night; pulling into a station that only had self-serve; walking up to the cashier and handing him her credit card; walking back to the car, filling her car up again; walking back to the cashier, who, by the way, had an interesting young lady she said he was talking to in that little cramped kiosk; and getting her change. Her query to me was, "Who protects me from a mugger?" I turned that into the saying, "Who will protect our consumers from a four-wheeled cowboy who drives in, grabs your purse or wallet, and drives off?"

The truth of the matter is, short- and long-range it is of no benefit to the motoring public in any economic fashion, as radiator antifreeze, batteries, oil hoses, fan

belts, etc. are neglected, thereby costing more due to breakdowns.

An interesting thing -- I forgot I had it; it's in your brochure-- Shell Oil used to give out a booklet on various issues to the consumer. In that booklet, it covered what you should do with self-serve. A survey was made of 100 cars, and found out how many batteries went low on water, how many were low in antifreeze, low in oil, etc. It was suggested in another survey that perhaps every month or so you should go to a full-service station and get served. Now, I read in the newspaper the other day that a representative of the Petroleum Council said you could save four cents a gallon on self-serve. I don't happen to agree with that, but let's work with the assumption that you can. You save four cents a gallon on self-serve. Your average gasoline, say, is 10 gallons a week, and once a month you go someplace else. So, for 39 weeks you buy 10 gallons of gas. That's 390 gallons, at four cents, and you would save approximately \$16. Okay? Four cents times 400 gallons -- round figures -- \$16.

Conversely now, the other week-- You go out for 13 weeks, 10 gallons of gas. You buy 130 gallons of gasoline, and you pay a minimum of 20 cents more. That's \$26 for the privilege of gambling three-quarters of the time that you can have a problem. This is a consumer bill?

Let's face it. If the consumers of this State were ever to vote on a bill like this, with these issues, I guarantee the result would be the same as it was in Oregon.

Another issue-- They are not here testifying. I asked them when they first proposed this. This is the Department of Environmental Protection's proposal for these new nozzles we are going to be saddled with to collect the vapors. (holds up proposal) They go on to say: "The new nozzle-hose combination is slightly heavier than conventional equipment. The new system would transfer gasoline at a lower rate."

Here's the part: "The absence of self-serve gasoline stations in New Jersey will alleviate some of the public acceptance problems with the vapor recovering equipment encountered in areas where Stage II has already been implemented." That's California, and a few other states.

If you want to dwell on safety-- I don't know what is going to happen. I see the TV camera here. We have a video, which we won't put on for you unless the other side decides to show one. I have here a chart, and I will furnish you pictures, of a so-called full self-service station in Florida, one of the most modern stations around, where when they tell you that a cashier, or somebody, can observe safety, and observe the cars more than in a full-service station-- I would like, without boring you now-- If the thing comes down to the issue of safety, I would like the privilege of being able to come back on, or do you want to give me the time now to describe this station to you?

SENATOR GRAVES: Suppose we get somebody from the so-called other side now, Jerry? I think you put down a very good foundation.

MR. FERRARA: Well, let me just wrap it up.

SENATOR GRAVES: Well, you're not going to wrap it up, because you are going to go back on again. So, Jerry, let's give everyone a chance.

MR. FERRARA: Fine. I just have two paragraphs. Then, if you are going to let me come back on again later-- Senator, I love you.

SENATOR GRAVES: In eight years, have we stopped you? (laughter) To get even with me, he even bought a house behind me.

MR. FERRARA: One other thing I would like to remind you about, Senator Graves, in particular. One of the other facets of maintaining the full-serve stations in this State, is the fact that we have been a boom to the inspection system.

The full-service stations today have taken the cost of inspection off of the State, and made it convenient for those who want to spend the money to come there. That is another thing -- with self-serve hastening our demise -- that would also be affected.

On the condition that I can come back later, I will adjourn my testimony to whenever I can come back again.

SENATOR GRAVES: You know, please cooperate with us. I would ask my fellow legislators not to question him at this time. Let's wait and bring him back, and we'll get some more information.

James Marcogliese -- am I pronouncing it properly? -- representing what we would call the other side. Please come forward. Good morning. Please introduce yourself, and start your testimony.

JAMES MARCOGLIESE: Good morning, Mr. Chairman and members of the Committees. My name is James Marcogliese. I am the Northeast Region Dealer Manager for Exxon Company, U.S.A. In that capacity, I have responsibility for motor fuel sales at Exxon's dealer-operated service stations in the northeastern part of the country, including the State of New Jersey. I appreciate the opportunity to appear at this hearing this morning, on legislation that would permit the option of vending gasoline at retail outlets through customer self-service.

Exxon believes that self-service gasoline dispensing in New Jersey is long overdue. The New Jersey statute that bans self-service has been on the books since 1949, and is one of only two such state laws still in effect.

The New Jersey ban on self-service gasoline vending was originally enacted as a fire safety measure. Concern over fire hazards is no longer a valid argument for prohibiting self-service vending of motor fuel. As early as 1969, the National Fire Protection Association endorsed gasoline

self-service stations with an attendant on the site. NFPA records since that time show no significant differences in safety between attended self-service and full-service gasoline retail outlets.

In addition to expressing concern about the safety of self-service gasoline vending, opponents of self-service sometimes warn of a reduction in the availability of automotive service facilities. As with the safety issue, this also is not a valid concern, because there is no shortage in the number of automotive service facilities.

While self-service gasoline vending grew, several factors reduced demand for service station bays. First, new automobiles came under longer manufacturer warranties and required less frequent routine maintenance, such as for oil changes. At the same time, longer-lasting tires and batteries became available. Second, there was a steady growth in do-it-yourself automotive maintenance. Third, an expansion of specialty outlets, such as muffler shops, tune-up facilities, and quick oil change units, occurred. The increase in specialty shops more than offset the decline in service station bays, so that the total number of service bays available in the nation has actually increased.

Self-service is a widely accepted method of merchandising gasoline. Lundberg Survey, Inc., an organization that publishes pricing and marketing information for the petroleum industry, estimates that over 75% of all retail gasoline sold in the United States is dispensed on a self-service basis. The principal reasons for such widespread acceptance are the advantages that self-service offers to consumers. These attractions include lower price, faster refueling, and more late-night retail gasoline outlets open. The New Jersey ban on self-service denies motorists in this State the option to pump their own fuel and the associated advantages.

The refueling time factor is especially important in this State. Because of the shortage of service labor in New Jersey, many gasoline retailers have difficulty hiring sufficient attendant help to accommodate all customers in a timely fashion during peak hours. Motorist delays waiting for service will likely worsen when the recently mandated Stage II vapor recovery equipment is installed at gasoline outlets in this State. The reason for this is that the refueling process itself will take longer because Stage II coaxial hoses dispense fuel at a slower rate -- as much as 30%, or more, slower.

The consumer benefit associated with all-night or late-night operations is severely limited in the current New Jersey retail gasoline marketplace. The availability of self-service would make sales of gasoline in New Jersey safer at night, by allowing employees to complete transactions without leaving the security of a kiosk or sales office. This added protection would encourage more retailers to stay open for longer nighttime hours. Gasoline outlets open at night are a help to shift workers and provide a well-lighted place for stranded motorists to make a phone call and wait for help.

In addition to consumer benefits from self-service gasoline vending, there are important advantages to the gasoline retailer. Service station operators in the 48 states that permit self-service gasoline dispensing, find that self-service opens a variety of pricing and operational options that help them compete in the marketplace. The pricing options are obvious, with lower postings for self-service and a differential for full-service. The operational options include the use of partial self-service. Under this arrangement, the operator offers self-service on at least one of his pump islands, which permits him to attract price-conscious customers, while maintaining full-service and auto-service customers. In states where self-service is not prohibited by law, an estimated 70% of Exxon lessee dealers offer partial self-service.

Self-service operations also give gasoline retailers more flexibility in staffing their service stations. One important advantage is that fewer personnel need be hired. I alluded earlier to the fact that gasoline retailers in New Jersey currently have a difficult time finding people to work as island attendants. The turnover rate for attendants is very high in this State because of the tight labor market, the low wage scale for the job, and an overall shortage of service workers. To illustrate this point, the average tenure of island attendants at Exxon company-operated motor fuel stores in New Jersey was seven months, compared to 13 months -- almost twice as long -- at Exxon company-operated stores in all other states.

Another advantage is that where self-service operations are permitted in other states, service station operators are able to attract higher caliber employees for the cashier position in a kiosk or sales office arrangement. The position also provides more attractive job opportunities for females, older citizens, and the handicapped. Many of Exxon's New Jersey gasoline retailers believe that the self-service option would give them enough flexibility to manage a smaller number of attendants in such a way as to reduce the attendant turnover rate and improve overall employee quality. These types of changes at New Jersey retail gasoline outlets would obviously benefit consumers, as well as motor fuel retailers.

I will now comment briefly on some of the bills that have been introduced for consideration by the Legislature. Senate Bill 815, and some other measures, propose to permit self-service gasoline dispensing subject to certain restrictions. These limitations apparently are perceived to ease the transition from the complete self-service ban and to assure the availability of full-service operations. Exxon does not believe that legal restrictions are necessary to preserve attendant service in New Jersey. Gasoline retailers will

provide full-service in this State just as they do in other states that permit unrestricted self-service. They will do so because some segments of the motoring public want attendant refueling service and are willing to pay for it. This Legislature should not adopt a law that would continue to differentiate the State of New Jersey from the 48 states that allow self-service motor fuel vending. Indeed, an unrestricted retail gasoline marketplace is the best assurance that the changing needs of New Jersey motorists will be accommodated.

Exxon does not endorse Senate Bill 815 or similar measures that allow self-service, but limit its application. One bill -- A-1385 -- has been introduced which simply repeals the existing statute banning self-service gasoline vending. Exxon strongly supports A-1385.

To summarize, safety records attest that self-service dispensing of gasoline is at least as safe as attendant dispensing. The decline in service station bays has been more than offset by increases in other types of automotive service facilities. Self-service gasoline vending offers many benefits to consumers and to service station operators. Motorists have the option to pump their own fuel to save money and/or time, or to pay more for attendant service. Because of added security for employees, consumers also find motor fuel available at more locations at night. Gasoline retailers benefit because the self-service option gives them more flexibility with their operations.

For all of these reasons, the New Jersey Legislature should permit self-service vending of gasoline. Exxon strongly supports unrestricted self-service at retail gasoline outlets, and urges favorable Committee action on A-1385, the bill that simply repeals the present law that bans self-service.

Senator, this concludes my prepared remarks. I will be happy to reply to any questions you may have, and want to express my gratitude for the opportunity to speak to this important matter.

ASSEMBLYMAN STUHLTRAGER: I just have one question I would like to ask--before we move on. What is the differential between the cost to the retailer and the average price it is being sold at? What is the price markup on an average gallon of regular or lead-free gas, let's say?

MR. MARCOGLIESE: If you are speaking to what the typical dealer margins might represent in terms of his costs and his selling price, they tend to vary across each service station, as we have already heard testimony on this morning, since it is an independent decision by each of the independent dealers who market gasoline in the states to set their own selling prices. Margins could range on the order of eight cents or nine cents a gallon to as high as 15 cents or 16 cents a gallon, or more, just depending on the individual choices that are set by the dealers who are operating those facilities.

ASSEMBLYMAN STUHLTRAGER: I heard numbers that were considerably lower than that -- markups as low as three cents and four cents. Is that inaccurate, or not?

MR. MARCOGLIESE: That is not my experience, on average. I'm sure there are business people out there who have elected to price at a very low level, in order to attract market share in the trading area their customer base comes from. So, in that regard, there may very well be some examples out there with dealers operating at that lower margin. It is just an independent decision they need to make. That is the best business strategy for them that will accomplish the overall business objectives they have for themselves.

ASSEMBLYMAN STUHLTRAGER: For those who are pricing at that level-- Let's assume we buy gas, and we find the cheapest price where someone is only pricing three cents or four cents over their cost. There's really not much opportunity for cost savings to the consumer in that sense, is there? I mean, you are not going to reduce it below what you pay for it, are you?

MR. MARCOGLIESE: Well, the real issue -- as was eloquently articulated this morning -- is the extent to which a businessperson can reduce his costs of doing business. In the case of this issue here before the Legislature, the opportunity to eliminate some of the island attendants -- I might add I have heard from some of my customers that they pay on the order of \$5 to \$6 to \$7 an hour straight wages, plus commission-- There could be a significant cost reduction in terms of a dealer's expenses, if he were to reduce manning and permit more of his customers to utilize self-service. It is this cost reduction that the dealer would then have the opportunity to pass on to his customers in the form of lower prices for self-service.

ASSEMBLYMAN STUHLTRAGER: I agree with that in theory; I just don't know that I ever see it happening in practice. First of all, I don't know how many gas station attendants are making \$7 an hour, plus commissions. Not that I travel that much, but it does always seem that whenever you go somewhere else, the gas is always more expensive. I'm sure the tax differentials are part of it, but--

MR. MARCOGLIESE: That is certainly a factor.

ASSEMBLYMAN STUHLTRAGER: My theory would be, you put in self-service, the regular would stay the same, but for the full-service it would go up the 15 cents or 20 cents. So you don't get any gain. (applause) That is my concern, and we will try to flesh it out.

Are there any other questions? Assemblyman Pelly?

ASSEMBLYMAN PELLY: Thanks, Mr. Chairman. I want to ask two or three questions, sir. Does Exxon set the price at the Exxon company-owned stations throughout New Jersey, or are the retailers free to set their own prices?

MR. MARCOGLIESE: Your question refers to the company-owned and operated service stations?

ASSEMBLYMAN PELLY: Yes, sir.

MR. MARCOGLIESE: We have approximately 45 such stations in the State of New Jersey, which is less than 10% in comparison to our 500 or so dealer-operated service stations in the State. So, they really represent a very small percentage of the overall branded service stations -- those that are branded Exxon in New Jersey. But there the company will go ahead and set the retail prices.

ASSEMBLYMAN PELLY: Throughout the entire State?

MR. MARCOGLIESE: For those company-operated service stations.

ASSEMBLYMAN PELLY: For those company-operated stations. How much would you anticipate the consumer would save if self-service at the Exxon stations -- if self-service were a law in the State of New Jersey today?

MR. MARCOGLIESE: It's really impossible to answer that question, because--

ASSEMBLYMAN PELLY: At the Exxon company-operated -- owned stations?

MR. MARCOGLIESE: Well, the way we price gasoline in the State of New Jersey on a company-operated basis -- and we are straying a little far afield from my area of expertise, since I am only responsible for dealer business--

ASSEMBLYMAN PELLY: But you said they save money.

MR. MARCOGLIESE: They will go ahead and survey the other competitive stations in their trading area. So, our prices, at the retail level -- the company-operated stores -- are keyed off of the prices set by the dealers in that trading area. So, I can't tell you now what the impact of our pricing would be at the retail level for company operations, because if self-service were permitted in the State of New Jersey, we would only change our prices to the extent that the dealer stores in the trading area around each of our company operations changed.

ASSEMBLYMAN PELLY: But you are confident-- You testified that self-service would produce a price drop in gasoline prices for New Jersey. Is that not accurate?

MR. MARCOGLIESE: If the typical marketplace mechanism works, which is really the basis of the democratic capitalism system that we have in this country, to the extent that a businessman's costs of business goes down, he may -- it's his free choice, obviously -- utilize that reduction, and his costs--

ASSEMBLYMAN PELLY: No, I'm talking about your stations, not the--

MR. MARCOGLIESE: Well, our Exxon stations would certainly see a reduction in expenses, if we were able to convert to self-service.

ASSEMBLYMAN PELLY: The question I'm asking is: Will that reduction in expenses be conveyed to the consumer?

MR. MARCOGLIESE: My answer to that is, only to the extent that the dealers in the relevant trading areas surrounding company-operated stores elect to change their marketplace pricing.

ASSEMBLYMAN PELLY: So you wouldn't necessarily--

MR. MARCOGLIESE: We will maintain competitive prices at the retail level of our company operations. So, to the extent that the marketplace changes, then our prices will be adjusted to compensate for that.

ASSEMBLYMAN PELLY: So, your prices would be dependent upon the marketplace's, not your costs.

MR. MARCOGLIESE: Absolutely.

ASSEMBLYMAN PELLY: So, if the Legislature provides self-service, producing for Exxon a lower cost of operations, your price would be reduced, not out of the fact that you are going to be-- It's going to cost you less to operate, but it would be dependent upon your competition. So, Exxon could conceivably not reduce prices -- could very well not reduce

prices -- but, in fact, could generate greater profits for Exxon, as a result of self-service. Is that not accurate?

MR. -- MARCOGLIESE: This certainly could be conceivable. (noisy reaction from audience)

SENATOR GRAVES: Again, you've been so cooperative. Why not suffer the rest of it and let it go?

ASSEMBLYMAN PELLY: I appreciate no responses except the person testifying, and I didn't hear his response. You are going to get greater profits?

MR. MARCOGLIESE: If self-service is permitted in the State of New Jersey, and our company operations in the State of New Jersey wind up producing manpower such that we would offer self-service at our stations, we would see a reduction in expenses. That is correct.

ASSEMBLYMAN PELLY: Now, would those reductions in expenses be translated into greater profits for Exxon?

MR. MARCOGLIESE: They would be translated into greater profits for Exxon should the retail price remain the same.

ASSEMBLYMAN PELLY: And that could very well occur, if Exxon chooses, by virtue of the fact that the competition in that area does not force Exxon to drop its prices. The greater profits could very well occur, with no additional reduction in price for gasoline to the consumer. Is that not a reasonable scenario?

MR. MARCOGLIESE: Assemblyman, I would quibble with your words a little bit about "most likely," or something to that regard. It is possible.

ASSEMBLYMAN PELLY: Sure it's possible, isn't it?

Okay, I want to ask about your 45 stations in New Jersey. You stated that if self-service were instituted in New Jersey, you wouldn't have to worry so much about getting all the additional help you need, etc., etc. How many people would you lay off in New Jersey, if self-service were initiated at your stations right today?

MR. MARCOGLIESE: I really don't have any way of estimating that, since I don't have responsibility for those stores. I don't have a feel at all for how many people they currently employ or how they would rebalance their manpower if they were to go to self-service. I might add that a lot of our company-operated stores are not open as long as we would like them to be open today, because of the inability to attract service help.

ASSEMBLYMAN PELLY: Yes, I understand that. You have testified that you are not going to be confronted with the-- I'll put it in my own words: You are not going to be confronted with the problem of having to search out labor, which has become such a problem in New Jersey. You have testified to that, but you don't know what your labor saving is going to be? You have no idea as to how many fewer people you are going to be hiring? You have no idea as to how many people you are going to lay off tomorrow, if this were enacted in New Jersey?

MR. MARCOGLIESE: In fact, there is no guarantee. I am not certain that we would lay off anyone.

ASSEMBLYMAN PELLY: Why? Why?

MR. MARCOGLIESE: As I already testified, we can't attract enough help today to keep our stations open as long as we would like them to stay open.

ASSEMBLYMAN PELLY: How many fewer people would a typical Exxon operated/owned station require if full-service (sic) were initiated today?

MR. MARCOGLIESE: I really can't comment on that; I don't know. I don't know what the--

ASSEMBLYMAN PELLY: But you're saying it is going to be fewer people -- less people -- maybe less dollars, but you don't know.

MR. MARCOGLIESE: I can't give you a specific answer, because I don't know what the current manning practices are at our company-operated stores in New Jersey.

ASSEMBLYMAN PELLY: Has Exxon done any studies of this nature?

MR. MARCOGLIESE: They may have, but if they have, I am not aware of them, sir.

ASSEMBLYMAN PELLY: What is your position at Exxon, sir?

MR. MARCOGLIESE: I am the region manager for dealer business in the northeast, so as such I have no responsibility for company operations. I only have responsibility for the 1300 or so dealer-operated stores in the northeast.

ASSEMBLYMAN PELLY: Of those stores in the northeast, do you have any idea as to how many fewer-- Do you have any comparisons, or any basis for giving us some indication as to how many fewer people a self-service Exxon station would have, as compared to a full-service average Exxon station?

MR. MARCOGLIESE: I can't really comment specifically what our individual dealers will do in terms of laying off people or reallocating those personnel.

ASSEMBLYMAN PELLY: I didn't ask that. I asked, how many fewer people-- Let me ask you another question--

MR. MARCOGLIESE: Sir, it depends--

ASSEMBLYMAN PELLY: --better than that. Excuse me. Would there be fewer people at your 1300 or so Exxon stations, if they were self-service?

MR. MARCOGLIESE: Well, there are only some 500 Exxon stations in New Jersey, so the issue is only New Jersey.

ASSEMBLYMAN PELLY: Right, New Jersey.

MR. MARCOGLIESE: Now, if a dealer elected to maintain full-service operations, and continued to attract that class of customer, that dealer may see no reduction in labor at all. If a dealer elects to offer split island service, then his manpower reduction is only going to be a function of, does he wish to offer that split island type service around the clock or for certain shifts, or will he reallocate his people to

provide service in the service bays, if it is a conventional station? So it's really impossible for me to tell you on average there is a certain number of man-hours that the dealer is going to reduce. It is clearly his decision, in terms of how he wants to manage his business.

ASSEMBLYMAN PELLY: I would like to ask one final question with respect to the safety issue. Senator Cardinale raised the issue of the safety of gasoline -- the flammability of gasoline, etc. You raised the safety issue. The Senator said that technological advances have come to a stage where safety is no longer a major issue. You said that -- I have forgotten which page of your testimony -- is no longer a major factor.

What has occurred over the past decade that has changed that situation from it being a safety problem to a non-safety problem? What technological advances have occurred over the past decade which have changed that?

MR. MARCOGLIESE: Well, I wouldn't necessarily say it was a safety problem in the past. In terms of-- Let me, before I answer that specific question, give you some specific data in terms of our experience with our company-operated stores across the United States.

In terms of fueling accidents which have resulted in fire at our company-operated stores, we have only experienced five in the past three years, which cover some 225 million fueling incidents. So, roughly, we have experienced, in our own direct operations where we have good data, one fueling incident in each 45 million transactions. Interestingly enough, one of those occurred with a service attendant dispensing the motor fuel.

So, in terms of incidents of safety that we have specific data on, we have seen 20% of the incidents occur while a full-service attendant was dispensing the gasoline, which is roughly the ratio of the sales of gasoline that we experience at company operations.

Now, in terms of technology, technology is changing continuously. Today, at our self-service stations, we have computer-controlled transaction devices which allow the cashier to instantaneously shut off power to all of the dispensers at the service station, to isolate a single pump, and to control the fueling operation from inside. That is a very significant technological advancement.

ASSEMBLYMAN PELLY: Thank you. Oh, I'm sorry, there is one question I forgot to ask you. With respect to a scenario where self-service is an option at a gas station in New Jersey-- I wanted to ask you what the impact would be in a situation where we go into a gas station and full-service or self-service is your option? How would full-service under that scenario compare with full-service as it now exists in New Jersey price-wise?

MR. MARCOGLIESE: Again, that is very difficult to say. I think if I look at the region I am responsible for, I have seen differentials that average as low as eight cents to ten cents a gallon between full-service and self-service, and I have seen differentials that are much higher than that. Again, it is the individual decision of the dealer to decide, given his customer base and the amount of customers who may be attracted to a full-service scenario, deciding what really manages his business objectives best. There are some very affluent parts of the State, where undoubtedly we will still have very high full-service ratios. There are other areas where the customer is going to be much more price conscious. That dealer is going to need to make a decision based on that customer base; how to price his two offerings.

ASSEMBLYMAN PELLY: I'm not sure I understand. At a Exxon company-owned station, would a customer expect that the cost of full-service be more, less, or the same if one of these bills were enacted today, as compared to what now exists at one of your stations today -- full-service?

MR. MARCOGLIESE: Again, you are asking me to speculate on what might happen in the future based on decisions that Exxon would not have any direct control over. But, a scenario that would suggest that a dealer might pass on cost reductions, in terms of his reduced labor expenses, to self-serve-- That could tend to drop the self-service price. That dealer would then have the option of deciding what he wanted to do with full-service. He may elect to leave it the same. He may elect to increase that price. He may, in fact, elect to lower the price. It would really be up to his decision. It is something that we really wouldn't have any control over.

ASSEMBLYMAN PELLY: At an Exxon-owned station -- a company-owned station?

MR. MARCOGLIESE: Again, sir, we price at our company-owned stations to represent the marketplace. The way we price really doesn't have anything to do with our costs. It is what the nature of the marketplace is. That is our democratic capitalism system.

ASSEMBLYMAN PELLY: Okay. Thank you very much.

ASSEMBLYMAN STUHLTRAGER: Thank you, Assemblyman. Any other questions? Assemblywoman Randall?

ASSEMBLYWOMAN RANDALL: Very briefly, Mr. Marcogliese, do you, as the company -- I assume you do -- dictate a-- You have a minimum price that you charge all the retail dealers for every gallon of product. Correct? (no response) Do you know what that price is today, let's say, per gallon -- what every retailer here owes you today -- unless that is privileged information? I mean, I assume there is a figure as of today.

MR. MARCOGLIESE: We do not have a single price for the State of New Jersey -- a tank wagon price for gasoline available to dealers. We will have various pricing zones set up, based on the nature of the competition that we, as the wholesaler to our dealers, are competing against. So that will

vary across the geography. I can't give you a single price for New Jersey.

ASSEMBLYWOMAN RANDALL: Is it by region? Is there any way you could approximate it and tell me, say, in a county like Bergen County, this month, what it is -- what the average price is you're charging per gallon?

MR. MARCOGLIESE: I don't have it today, but I hear people in the audience who could probably tell me what it is in Bergen County today.

ASSEMBLYWOMAN RANDALL: All right. Of the approximately 10% -- or slightly under 10% of the stations that you are responsible for, do you have a reaction, or opinion, as to whether or not the percentage of ownership would increase as a result of this legislation -- let's say, my bill?

MR. MARCOGLIESE: That's a fair question. We have not indicated any business plan to make a step change in the number of company-operated stores in the State of New Jersey. As a matter of fact, the (indiscernible) number of company operations in New Jersey has been relatively flat. As of year-end '86, I believe we had 41 stores; year-end '87, we had 42 stores; and we currently have, I believe, 45 stores. So, the number of company operations will grow with time, as we continue to develop grass-roots sites and continue to develop areas in the State. At the same time, we are also developing grass-roots stores which we are giving to dealers.

So, no, I don't really see any impact on the number of company operations in this State that would change as a result of this legislation passing.

ASSEMBLYWOMAN RANDALL: If you know, on a national average-- If you own approximately somewhere between 8% and 9% of the stations in New Jersey, how does that compare with what Exxon's ownership is nationally -- of its stations?

MR. MARCOGLIESE: I will answer that two ways: In terms of our dealer stores, across the United States we have

some 3500 hundred dealer stores, and we have something on the order of 570 company operations. Now, we also have a large number of distributor branded stores, so I think the total branded retail outlets that Exxon has in the United States is on the order of 10,000 or more.

ASSEMBLYWOMAN RANDALL: My last question, a minor point: In states where there is, let's say, an Exxon company-owned and run station which happens to be full- -- wrong choice of word -- entirely self-serve gasoline only, is there any requirement that there be rest rooms at those facilities?

MR. MARCOGLIESE: I can't answer that per se. I don't believe I have been to a company-operated store that did not have public rest rooms. Now, I don't know whether there is a policy per se in that regard, but I certainly have not seen any. That typically would not be our practice, to not provide those facilities to the motoring public. We didn't get to be the biggest oil company in the United States by not providing those facilities to our motoring public.

ASSEMBLYWOMAN RANDALL: Thank you very much.

ASSEMBLYMAN STUHLTRAGER: Thank you, Assemblywoman. Senator Rice?

SENATOR RICE: Yes, just a couple of quick questions. Along the same line of questioning, how many Exxon stations are located in the State of New Jersey, if you have that information, in what we refer to as our urban and distressed cities -- in other words, our poor cities, our struggling cities, like Commercial Township, Newark, Jersey City, etc.? I'm thinking company-owned.

MR. MARCOGLIESE: I can't answer specifically inside the urban areas. Across the State, we have some 500 dealer-operated stores -- that order or magnitude and, as I already mentioned, the 45 company operations. We certainly have a good representation of stores in all of the major urban markets in New Jersey.

SENATOR RICE: I'm only speaking company-owned. In my city, for example, I know your representation. I really have some problems with the way they are treated by your company overall. When I see these-- By the way, the Exxon individuals who are not company-owned stores, do not agree with self-service. So I don't want you to think that because a sign says "Exxon," we should assume that Exxon dealers, or those who market your product, support self-service. Maybe company-owned stores do, because they have to follow your leadership, but there are some independents who do not support it.

Once again, as a Senator and Councilman, I have had some real serious problems just getting assistance for those non-company-owned stores. I am very much concerned about which way we go in the real benefits. Is it possible for you to get that information to the Committees -- relating to company-owned stores and locations that Exxon has in our urban distressed cities? I will ask staff, or the Chair, to supply you with a list of what we call urban distressed cities.

MR. MARCOGLIESE: We could certainly supply to the Committees the specific location of each of the 45 company-operated stores in New Jersey.

SENATOR RICE: Could you also indicate how many are minority? I'm speaking ethnically, as well as females and whites.

MR. MARCOGLIESE: We can provide that for both the entire State and the urban areas, certainly.

SENATOR RICE: Right, but make sure we keep to the company-owned stores. That is what I am concerned about. Please keep them separate from the independents, okay?

The other question is, I have traveled-- By the way, my wife is from California. I think they made a bad mistake with self-service. She doesn't necessarily agree, but she is starting to find out, after we went up and down-- I'm from Virginia. We went through Maryland. Some things I noted from

my travels about self-service, or half and half-- I call them half and half -- full-service/self service-- There seems to be disparity in the increase of prices, depending on where you go. For example, self-service-- If you are talking about saving a buck today-- If you're talking about spending a buck for gasoline today with full-service, and self-service comes in and you're talking about 90 cents for self-service, you're talking 10 cents. But it seems to me that once the states -- the 48 states -- passed those laws, something very interesting happened. What happened was, there was no real saving. In fact, the major companies are making more money in the long run, with less service to people, because those that are actually pumping gasoline "self-service," are actually supplying free labor to those gas stations and to those companies.

Let me tell you what I mean. You see, I will probably be a little more relaxed. I do intend to offer an amendment to Senator Graves' bill if, in fact, we determine to go toward self-service. That doesn't mean he will accept it, but I intend to offer it. There are what are called "price disparity differentials." If you're operating today, for example, at a dollar, that takes care of all of your needs, your profit margin, and everybody is happy -- full-service. If you reduce that on the self-service side to 90 cents, and you don't employ folks, and you don't provide basic services-- Yet, all of a sudden, once the law becomes law, 90-cent self-service becomes a dollar again, which means that the dollar becomes a dollar and ten. So, technically, you're operating back at the dollar level. The difference is that you have taken away those employees. And, by the way, it is not that difficult to get employees in urban distressed cities for gas pumps. (disagreement expressed in audience) Well, come to my city, and we will show you.

The other thing is, there is a difference there. Then it becomes \$1.50, but you may hold the self-service down to \$1.10. So now, that 10-cent differential is no longer there any more. I would rather see, if we go self-service, a combination station, where there is a percentage. As things go up, that middle percentage -- that differential -- can really never increase. In other words, if you had 90 and a dollar, there is a 10-cent difference, and you decide to take full-service to \$1.30, then it seems to me that self-service should be \$1.20.

I just want to get your opinion on that, because I think my observations are correct, at least in some geographic locations. I just want to get your feeling for that, because it is happening.

MR. MARCOGLIESE: Well, I guess the only comment I can make is-- Again, the Exxon company would not have anything to do with how our dealers decide to price their product, if self-service were enacted. But, generally, people are not in business to get smaller. And, to the extent that cost reductions occur, most business people will try to increase their business. I think it is also reasonable to assume that you will see the case where self-service prices would, indeed, be lower than the full-service price today. And full-service prices could likely be higher.

Again, it is going to be a question in terms of, how do these independent business people think they can most profitably operate their business and achieve their long-range business objectives?

SENATOR RICE: Well, see, the way I left the scenario -- and I will shut up on this -- is that we are not going to have a lot of those small independent businesses. That's number one. Number two, there is really no saving. In fact, it is a greater profit, because once you go beyond the self-service -- what you are initially making -- and you compel

that increase beyond your profit margins today by substantially increasing full-service prices, you are going to have more and more people -- seniors, or young folks, or low income, or even wealthy folks-- A lot of people think the wealthy don't like to save; they do. That's why they're wealthy.

What is going to happen is, they are going to be compelled to move toward self-service, which is above what the bottom line was for profits in the first place. I can tell you right now, I am going to make sure-- I am not sure which way I am going to vote on this. That is why we are having this public hearing. But I am definitely going to stick in an amendment to make sure there is some equity there, and there is some fairness, because I am not going to see independents being pushed out and not serviced by the company which is actually part of their marketing. If you take that back and have your computer people calculate it, you are going to see that I'm right. You are going to see statistically across-the-board that self-service is not a saving. It is an increase in profit, and the majority of those profits are passed on to your company. That's real. If it is going to be a saving for the consumers, then we need to make sure about the intent. We need to make sure that that happens. The only way it is going to happen in New Jersey, and Oregon, for example, because I think we are the two smartest states around in this issue, is for the legislators to make sure that happens through legislation. I intend to amend it.

MR. MARCOGLIESE: Senator, let me just respond to that. In terms of the profits accruing back to the company, again, let me reiterate, we have a very small percentage of company-operated stores in this State. The predominance of stores that are branded Exxon are dealers. My experience as a marketer indicates that where you have competition among various motor fuel brands, both major brands and independents, that competition tends to lead to prices, than in areas where

you don't have as much direct competition. I really don't see the scenario play out that dealers are going to arbitrarily price themselves out of their market.

Now, that certainly could occur, but typically the free market does not work that way.

ASSEMBLYMAN STUHLTRAGER: Thank you very much. Is that all, Senator Rice?

SENATOR RICE: That's all.

ASSEMBLYMAN STUHLTRAGER: Assemblyman Hudak, did you have any questions?

ASSEMBLYMAN HUDAK: I just have one quick question, sir. If self-service stations came on-line, let's say, tomorrow, would you expect more company stores to come on-line?

MR. MARCOGLIESE: I believe I already answered that question to Assemblywoman Randall. I don't see any real linkage between the proliferation of company operations and the self-service issue. We have continued to maintain a presence of company operations in New Jersey, as we have in many other states, and the total number of company operations we have in our U.S. chain really has not significantly changed over a good number of years.

ASSEMBLYMAN HUDAK: So, what you're saying is, you don't see any significant change, or addition of company-owned stations going--

MR. MARCOGLIESE: No, I don't, sir. That is correct.

ASSEMBLYMAN HUDAK: Thank you.

ASSEMBLYMAN STUHLTRAGER: Thank you, Assemblyman. We thank you for your testimony, Mr. Marcogliese.

Let me just tell everyone where we're going from here. I am going to call Irene von Dohlen next -- Irene, if you would like to move up to the witness table. The Senator and I were just talking briefly. We would like you to keep in mind that if your testimony is going to be repetitive-- At the rate we're going, we'll be here for two weeks -- if we go

through the witnesses at the present rate. For your own benefit, and also for the benefit of the Committee, I would like you to review in your mind, or your written testimony, what points you want to make, make those points, and then move on. If we have any questions, we will ask them. I think the Committee is certainly getting an understanding, in-depth, of the pros and cons and all the various factors we are here to weight.

Ms. von Dohlen, thank you for joining us today.

I R E N E V O N D O H L E N: Thank you, Mr. Chairman and members of the Committee. My name is Irene von Dohlen. I am Director of the Legislative Office of the Department of Labor.

My remarks will be very brief. I don't have a lot of statistics to give you. The Department of Labor is opposed to the issue of self-service. We are concerned with the potential loss of jobs. Our latest statistics show that there are over 19,000 individuals employed by service stations, and we are very concerned that many of them would lose jobs, should self-service stations become effective.

ASSEMBLYMAN STUHLTRAGER: Well, you kept it brief. Does anyone have any questions or comments?

ASSEMBLYMAN ROMA: Mr. Chairman, if I may.

ASSEMBLYMAN STUHLTRAGER: Sure, Assemblyman Roma.

ASSEMBLYMAN ROMA: I have been listening to the conversations and dialogue and, as a member of the Appropriations Committee, I am concerned not only about economic growth, but also about the employment aspect. We talk about the third highest per capita income. When we fit together this budget, it is going to be very important to factor in all of the variables. Perhaps you could give us some statistics for projections. I know you can't do it today, but it would be truly helpful in the deliberations if we had some sort of an idea. I realize the other gentleman from Exxon did not have that information available. I think as each Committee

member is thinking about this, we are thinking about employment, we are thinking about economic growth, and trying to balance those two equities.

So, anything you can supply to us, even if it is a comparison of the other states that are involved -- perhaps the other states we were talking about earlier, and what their history has been-- Any of that information would be relevant and helpful.

MS. VON DOHLEN: Okay.

ASSEMBLYMAN STUHLTRAGER: Thank you, Assemblyman. Thank you, Ms. von Dohlen.

I would now like to call Mike Shabo.

M I C H A E L S H A B O: Mr. Chairman, my name is Michael Shabo. I am a Shell dealer, and am Chairman of the Shell Dealer Advisory Board. I had a prepared statement; however, I am going to be brief. I am going to try to address some of the issues that some of the Congressmen have asked.

ASSEMBLYMAN STUHLTRAGER: Congressmen?

MR. SHABO: I mean, State Congressmen.

ASSEMBLYMAN STUHLTRAGER: Oh, they don't care. They're happy. You can call them Congressmen.

MR. SHABO: And Assembly lady, and some Senators, too.

I understand, like Senator Cardinale stated earlier, that the main concern of this Committee is not the interests of the dealers, or the interests of the oil companies alone, but rather the interests of the consumer. I believe this is the main issue facing your Committee today. They might not be the same interests I personally have as a dealer, or the same interests as the oil companies have. But I think we might find a common ground that might be mutually workable for all of us.

I have with me a couple of documents that might be helpful to your Committee. I would like to present them to you, if possible. I have some extra copies.

ASSEMBLYMAN STUHLTRAGER: The Committee Aide will come down and get them for us. While you are doing that, let me just ask you real direct. You're a dealer, right?

MR. SHABO: Yes.

ASSEMBLYMAN STUHLTRAGER: An independent dealer for Shell?

MR. SHABO: Yes, I am an independent dealer.

ASSEMBLYMAN STUHLTRAGER: Are you going to be able to reduce your price, based on self-service, based on labor savings? Is that the gist of your testimony?

MR. SHABO: Yes. I will testify, but not the same way that either party has addressed the question so far.

ASSEMBLYMAN STUHLTRAGER: Okay.

MR. SHABO: The reason I say that is, if we are going to have four or five major players in this State, then you might have collusion. If you have only four players who are controlling the price in the State, then you might have collusion or some type of monopoly. But whenever you have 4000 dealers, like we have in this State, you might find it very hard for these 4000 dealers to get together and conspire to have a price. We are a very violent group. We fight all the time; we hardly seem to agree. If we have a dealer organization running the stations in the State, you will not have the collusion, and you will definitely see a price reduction.

I will testify, because me, personally-- I will have reduced costs, and I will definitely pass that on to the consumer. We dealers -- me and the guy across the street from me -- will fight to attract that amount of traffic to my station versus his. We are going to fight about it. But if you only have four major players, this will not happen. They will conspire behind the scenes, and you will not see that.

That is why what I am proposing to you today is something that has not been proposed so far. We have people

who want divorcement. With the copies I presented to you, you will see that 89% of the dealers who were surveyed -- and this survey was conducted last year by the Shell Dealer Advisory Board-- It went to 245 dealers. Only 45% responded. Out of those who responded, 89% said they would favor divorcement; 6% said they would not favor self-serve without divorcement. However, here is the kicker that I find interesting, and I would like to see it happen.

Sixty-five percent said they would favor self-serve with divorcement. Now, here you have the oil companies that do not want divorcement, and you have the dealers who do want divorcement. I figure that there is somehow, someway a middle ground that can be acceptable to both parties and, at the same time, be beneficial to the consumer. The consumers are really who we are looking after -- your Committee.

On my own survey, last week when I came back from California, where I went to study this issue-- I spent eight days in California, where they have self-service legislation. I wanted to be acquainted with what was going on before I decide which way I want to go. I called my fellow Dealer Advisory Board members on the phone to get their response, because I found out I might not be able to get all the Board members together, and I asked their opinion. I discovered that while 90% of them do not favor self-serve per se, they will accept self-serve if you can put a limit on the number that can be operated by the oil companies. This way you have a lot of dealers, a lot of players in the game, and you will definitely see a price reduction then, because you won't have only three or four guys playing with it.

The document I presented to you has the signatures of 80% of the Dealer Advisory Board members. They signed this document. They are in favor of self-serve, provided -- only provided that we can get a limit to the number of company-operated stations.

ASSEMBLYMAN STUHLTRAGER: So, that is the proviso to your support?

MR. SHABO: Exactly. I would like to see your Committee put in an amendment. I would think then you would have all the answers to the questions that you gentlemen asked before earlier. There will be a saving to the consumer then, because there will be a lot of players in that game. We dealers are very, very, very competitive in this State.

ASSEMBLYMAN STUHLTRAGER: All right. Thank you, Mr. Shabo.

Senator Graves, did you have someone else you wanted to call specifically next?

SENATOR GRAVES: Let's try Pam Fischer of the AAA.

SENATOR RICE: Mr. Chairman, did he say he was going to give us a document?

SENATOR GRAVES: There is one copy of it. We are going to make copies and circulate it.

ASSEMBLYMAN STUHLTRAGER: All right. Copies will be passed around. Ms. Fischer?

P A M E L A F I S C H E R: Thank you, Mr. Chairman. Good morning, ladies and gentlemen, or I should say, good afternoon, at this point. My name is Pam Fischer. I am here representing the AAA Affiliated Automobile Clubs of the State of New Jersey. We have a little bit less than a million members. They are motorists, and are, therefore, consumers of gasoline. I am going to read just a very brief prepared statement for you, to give you some idea of our stand on this particular issue. I would also like to interject a few other comments at the end, but I will do them very quickly.

The clubs of New Jersey are opposed to the initiative for self-service gasoline stations. New Jersey is one of only two states disallowing self-service, and continually has one of the lowest average gasoline prices in the nation, as evidenced

by a national gasoline price survey conducted during major holiday periods by the American Automobile Association.

The AAA's most recent report, which was conducted over the Easter -- Passover weekend, March 22 of this year, is based on a survey of approximately 4600 service stations along major travel routes throughout the country, indicated that consumers are currently paying an average of 93.7 cents for self-service, and \$1.17.6 for full-service, a difference of 23.9 cents.

Currently, New Jersey motorists pay an average price of 96.1 cents per gallon, while enjoying full-service. These surveys consistently show that New Jersey's average full-service prices mirror, or fall well below self-service prices charged in most other states.

We believe that self-service stations and stations with split islands will mean higher gasoline prices in New Jersey. Consumers will be asked to pay current full-service prices to pump their own gas. If they opt not to leave their vehicles, they will be hit with a significantly higher price, in order to receive the same service they currently enjoy.

We also believe that legislative approval of the self-service initiative will not only have a detrimental effect on the consumer's pocketbook, but will result in a loss of valuable maintenance functions, such as oil checks and fills, window washing, and so forth. Motorists have come to expect these when visiting their local service station. The self-service initiative, we believe, spells inconvenience for the motorist. Do motorists really want to pump their own gas in business or dress clothing? Do motorists want to step out of their vehicles in inclement weather? Do motorists want the smell of gasoline on their hands? AAA thinks not.

Why tamper with a system that is working? We believe self-service gasoline stations are all wrong. (applause)

I would like to add just a couple of very quick comments regarding the convenience issue. I don't think any of

us enjoy getting out of our cars in bad weather, especially some of the weather we've had recently during this past winter. It has not been a very enjoyable one. Also, I have traveled to some other states. I am a native Pennsylvanian. I lived in Pennsylvania a number of years, and I had to pump my own gas in order to enjoy the savings. I did not find it convenient to get out of my car, to walk inside to pay for gasoline, walk back outside, and pump my gas. Or, on the same basis, going inside and standing in line at a convenience store with other consumers who were buying non-gas items, if you will -- eggs, milk, the newspaper -- just to pay for my gasoline. I did not save any time, and I did not find it convenient.

I have also encountered situations where you picked up the gas pump, someone else has used it before you, and had not really known how to use it properly and, therefore, there was gasoline on the pump. So you, unfortunately, inherit the gasoline that someone left behind.

I have also talked to many Pennsylvania residents who travel back and forth to New Jersey, or who work here, and they say, "We would rather come to New Jersey to buy our gas, because it is cheaper, and someone will pump it for me."

One other item, and then I will close. We are also concerned about the consumer knowing how to operate a gasoline pump. We have done some checking around. I can't say it was a valid survey, but we have been asking people, "Do you know how to use a gasoline pump?" Most people say, "I have no idea." So, we are concerned about the knowledge of the consumer. Will they know how to operate it? If the self-service initiative goes through, will they be instructed in how to operate the pump properly?

That closes my remarks for now. If anyone has any questions, I will be happy to answer them.

SENATOR GRAVES: AAA-- Is this in all 50 states?

MS. FISCHER: Yes, sir.

SENATOR GRAVES: And your survey finds, in the 48 states that have self-service, that there is a problem? There is a resentment by the public?

MS. FISCHER: I'm sorry, can you repeat that?

SENATOR GRAVES: Does the motoring public in the other 48 states that have self-service-- Do your members find a resentment towards them?

MS. FISCHER: Our members in New Jersey, or members across the country?

SENATOR GRAVES: No, in the other 48 states.

MS. FISCHER: I can't answer that for you. I don't know, I really don't.

SENATOR GRAVES: Because you keep pretty good tabs on your members, what they want, and what you feel is interpreted for them. I thought maybe you would be able to share that with us.

MS. FISCHER: No, unfortunately, I can't.

SENATOR GRAVES: Okay. What would be the feeling if the legislation guaranteed that no station could just be 100% self-service; that at least for the daylight hours of eight a.m. to six p.m., we'll say six days a week, that there must be an attendant island? In other words, if it is a one-island station, it can't have any self-service whatsoever. But if there were split islands, where one, six days a week, sunup to sundown, was fully attended, what would be your feeling then if your member wanted the right to go for self-service, if he enjoyed a better price?

MS. FISCHER: That is our primary concern -- the price. We have seen, over and over again -- and I've heard it mentioned a number of times this morning -- that constantly throughout the country when self-service comes into play, the full-service price becomes the self-service price. The full-service price then jumps up. So, where does the consumer benefit? Unless we can get guarantees that that is not going to happen, there is just no support for that.

SENATOR GRAVES: Somehow or another -- and I may be wrong in my rationale -- I feel that if we had split aisles-- In other words, I would never be in favor of just self-service. I know that runs contrary to what the Exxon representative said, but this is the way I would vote, and this is the way I feel about it.

What about the fact that many stations are closed because they can't get help? Yes, in Newark there are many, many people, and in Paterson there are many, many people, so you usually have someone to draw on. But, in some of the communities where there isn't the ability-- In some places, you can't even get a person to take a police exam -- in some communities -- even though the job may pay \$30,000 a year. You can't get anyone within that community to take that job. What about if some of the stations were able to be open to afford us the right to get that service, if they were labeled as self-service gas stations?

MS. FISCHER: Again, I don't know how else to answer that, but to say, you know, we have traditionally seen the self-service price-- Self-service comes in, and the full-service price goes up significantly. I don't know how else to answer that question for you. We just can't support it, because we know that has happened. It is very unfair to the motorists. It is another gouge in the consumer's pocketbook.

SENATOR GRAVES: Okay, but you would be against it even if the legislation said it would have to be split aisles?

MS. FISCHER: We're against it, yes.

SENATOR GRAVES: Even under those conditions?

MS. FISCHER: Yes, sir.

SENATOR GRAVES: Okay.

ASSEMBLYMAN STUHLTRAGER: Jim Benton?

SENATOR GRAVES: I think Senator Cardinale wanted to ask a question.

ASSEMBLYMAN STUHLTRAGER: I'm sorry. Do you have a question, Senator?

SENATOR GRAVES: Senator Cardinale?

SENATOR CARDINALE: Do you get complaints from any of your members about the availability of gasoline at night?

MS. FISCHER: None that I know of, and I get many letters in the mail from members on a variety of things. But we don't get a lot of letters indicating that they cannot get gasoline at night, no. We do not get a lot of letters like that.

SENATOR CARDINALE: You've heard here -- and I would like to know whether you agree with this -- that the pricing of gasoline -- and I'm sure this is wherever it is done -- is a function of individual dealer decisions, and that's why we see one station with gas for 84 cents, another one for 87 cents, and some may have it for a dollar and a half. Do you agree with that concept?

MS. FISCHER: Yes.

SENATOR CARDINALE: Now, what you seem to be saying is, in other states, when the dealer's cost of labor goes down -- which I think we can all admit it would do if you had self-service -- that these dealers are also rapacious; that they do not pass that on to the consumer. They just put the rest of that money in their pockets. Is that the position you're taking?

MS. FISCHER: That is what we have seen happen. We have seen the self-service price become the full-service price -- excuse me, the full-service price become the self-service price.

SENATOR CARDINALE: Then let me ask you, why do dealers appear at these meetings in New Jersey continually opposing the opportunity to put that extra money in their pockets? Doesn't that seem illogical to you? (applause)

MS. FISCHER: I can't answer why they're here or why they're not here. I can't answer what particular stand they take. That is their personal decision. I am here speaking for the consumers, those people being the members of our organization.

SENATOR CARDINALE: I would have to say that that kind of an illogical sequence, whenever it would appear, would cause me to reexamine the basic proposition -- the basic conclusion -- that I have come to, either as an organization or as individuals. There are many people who want full-service as a personal consumer choice, and that's fine; that's wonderful. But I just don't understand how anyone could ever believe that by increasing the cost of doing business, you are going to benefit the consumer. It's like saying -- and I have seen no one come forward to the Legislature to try to do this-- But it's almost like saying that if we got supermarkets out of business and went back to the mom and pop stores, prices would be lower. I don't think that is the case. I think the reason we have supermarkets, where people can do more of their own self-service-- The reason that those things caught on, was because pricing was passed through to the consumer. And, yes, there may still be some mom and pop grocery stores out there, and there may be some people who like going to them. Certainly, we shouldn't outlaw them, but I'll bet the prices are higher in the mom and pop grocery store than they are in a typical supermarket.

MS. FISCHER: I don't think we can compare a mom and pop grocery store and a supermarket to a gasoline station. They're very different. (negative reaction from audience)

SENATOR CARDINALE: Why? I would like you to tell me why.

SENATOR GRAVES: So far, you've been perfect. You've been helping us to dispatch-- In fairness to the people who have been standing for about three hours, please just listen, if you will.

MS. FISCHER: I just don't think you can compare them. They are very, very different. I am not going to go into a whole discussion on that. I just think you're trying to compare apples with oranges. I don't think you can do that. I think the bottom line to the consumer is what is coming out of their pocketbook. If we see across the country that when self-service comes in, the full-service price becomes the self-service price, then that hurts the consumer's pocketbook. I am here representing the consumer. I don't want to pay more for my gasoline to be pumped. That is a lot of money for me, and many, many other consumers out there. I want a guarantee that I am not going to have to pay more to enjoy having someone pump my gas. We haven't seen that happen across the country, and that is our number one concern.

SENATOR CARDINALE: Let me put this in one more question for you, if I may. Have you surveyed the price differential between what is paid by the dealer for a gallon of gas and what they sell it for--

MS. FISCHER: No.

SENATOR CARDINALE: --in self-service versus non-self-service situations around the country?

MS. FISCHER: No.

SENATOR CARDINALE: You have not done that?

MS. FISCHER: No.

SENATOR CARDINALE: Well, then, let me just observe to you, that any kind of statistic that you may have calculated in terms of gas pricing from one place to another, has to be pretty invalid, because there are so many conditions that are--

UNIDENTIFIED SPEAKER FROM AUDIENCE: You couldn't get that from the Exxon man.

SENATOR CARDINALE: --different in terms of what the gas company charges for a gallon of gas from one state to another, and that is a function of distance from refineries and other things. Plus, the costs a dealer may incur-- A dealer

may have high rent in Bergen County and low rent in Gary's district. He may have a tighter labor market in one place, and a looser labor market in another. I'll tell you, when I drive down to Gary's district, gas is cheaper than it is in Bergen County. So, within the State of New Jersey, you are going to see wide variations in price. Unless you actually study-- You can't make the point you're making, unless you actually study the gross price differential between what is paid and what it is sold for. In all retailing businesses, there are certain markups that are considered standard average markups. You seem to be taking the position that that markup is a higher price -- is a higher percentage in states where self-service is allowed, than in other states. I see no logical basis, nor statistical basis for the conclusion you have come to.

MS. FISCHER: We have surveyed service stations throughout the country. AAA has put together national figures that came directly from those service stations -- the price the consumer pays, because that is our concern. To the consumer, that is the bottom line: What do I have to pay? What is coming out of my pocket? We found that the national average in New Jersey, based on all the other service stations that reported in for New Jersey, was very, very low -- one of the lowest, if not the lowest, on many occasions -- compared to the other stations across the country -- the other national, if you will, or state averages across the country.

That says to us that we are paying less, regardless of whether we have lower taxes and other factors. The consumer is still paying less. We are very concerned about this measure going through, because that would affect that terribly. That is the bottom line for us. I can't argue with you about dealer costs, and all those kinds of things. I can't speak about those. I don't know enough about them to address those issues. The bottom line for us, for our members, the consumers, is that we are paying the lowest average prices. We

do not want those to be affected by this initiative. That is our concern.

SENATOR CARDINALE: It is our concern, too, that we pay the least price. Our bottom line is the same bottom line that you have. But I am afraid that what you have done is what you have accused us of doing. You have not compared oranges to oranges and apples to apples, because we have different taxes in each and every state. We have different costs in each and every state.

MS. FISCHER: I think we could argue this all morning, and I don't think either of us could ever see the issue in the same way. Again, I am just saying the bottom line for the consumer.

ASSEMBLYMAN STUHLTRAGER: Ma'am, we want to thank you for your testimony.

MS. FISCHER: You're welcome; you're very welcome.

ASSEMBLYMAN STUHLTRAGER: Jim Benton. Jim, I would like to call you up. On my list, there are about three people, or four people, listed by your name. One already spoke. They are kind of listed as a subheading under your name. It's obvious that we are not going to have everyone on this list testify here today. I think that has become pretty clear.

UNIDENTIFIED SPEAKER FROM AUDIENCE: Is organized labor going to get a chance to speak?

ASSEMBLYMAN STUHLTRAGER: Sir, we are going to try to make the testimony as representative as we can. We will make every effort to include that.

Mr. Benton, thank you for joining us. I certainly ask you to expedite-- Your general position has been expressed here already, but if you have any particular points you would like to make, please feel free.

J A M E S B E N T O N: Thank you, Mr. Chairman. My name is Jim Benton. I am the Executive Director of the New Jersey Petroleum Council. I will be brief. I will not read my prepared text. I will just summarize some of our basic points.

ASSEMBLYMAN STUHLTRAGER: You may pass it out, if you have it with you, though.

MR. BENTON: It will be passed out.

SENATOR GRAVES: We just got it.

ASSEMBLYMAN STUHLTRAGER: All right, I have it here.

MR. BENTON: The intention this morning is just to go over some of the points that have been made by previous speakers, and to give voice as an advocate for the introduction of attendant self-service gasoline marketing into New Jersey.

Let me first just highlight for you, Mr. Chairman, something I think should make you feel very comfortable. New Jersey's gasoline marketplace is extremely diverse and very competitive. I think, as you look around the room today, you will see a number of people who favor self-service -- the introduction of self-service -- and you will see a number of people who do not. I think it is the reflection of that diversity that really should give you, as legislators, some comfort in knowing that all types of service, all individual views would be accommodated in an environment that does introduce self-service.

If you were to be greeted by one voice speaking -- or attempting to speak -- unilaterally for all marketing interests of gasoline in the State of New Jersey, it is at that point that I would become concerned. I think the reflection of the different signs, the different people you see here, is one that is very healthy and beneficial to all New Jerseyans.

The issues I would like to address this morning very briefly are the questions of availability of service, New Jersey's lower prices, independent dealers, and employment. I think the primary issue really has to focus on the experience of 48 other states. This is not a new concept that is being proposed by the sponsors of the legislation here today. There is experience in 48 other states that can easily be reviewed, and should offer us clear guidance on what we may anticipate on the introduction of self-service gasoline.

First of all, let me address the availability of service. New Jersey motorists will find that both full-service and self-service will be available in this State, as dictated by the marketplace. You have seen all types of repair services spring up. It has been, perhaps, in different forms. You have seen your attendant traditional service bay station still have its place in the New Jersey marketplace. We found, according to statistics prepared by the "National Petroleum News," that over national experience, where there are no restrictions on service or self-service, that approximately 13% still offer traditional full-service; 46% offer split island; and a small minority offer self-service only. I think you should feel comfortable in reviewing the diversity of the national marketplace, knowing that service will still be available. I think it should give you a clue as to the nature of the change that would take place in the New Jersey marketplace, should self-service be introduced.

As for repair service nationwide, 73% of service stations maintain repair bays, while two-thirds of the towing and emergency road services are provided by gasoline stations. I think you should also know that nationally, no legislation has been introduced to repeal self-service in any state house in the nation. More importantly, no organized association, like the one that preceded me, is actively seeking, in a particular state, to repeal the self-service that has been introduced in that particular state.

As far as low prices are concerned, New Jersey does have a very low competitive price. However, the notion that prices cannot go lower, or that we are at the absolute bottom, is sometimes misleading. Let me just focus for a minute on the subject of taxes. Since taxes have been brought up by previous speakers, let me highlight for you the fact that right now, as we speak, in the state right across the river here -- Pennsylvania -- the motor fuel tax is at 18 cents, 10 cents

higher. Other areas, like Connecticut, 21 cents. States like New York, 18.25 cents statewide, and in Manhattan it goes up to 19.5. Delaware is 16 cents. I would submit that that type of differential, for example, Pennsylvania, which is a clear 10 cents, often gives a misleading signal that self-service is the same as full-service here in New Jersey. In fact, that should give you an assurance that because of that dime differential, we can see that there is a comparison, and that prices will decrease here in New Jersey.

As far as the independent dealer is concerned -- because there have been some previous assertions -- let me assure you that the independent dealer nationally, relies on self-service as a gasoline marketing tool. If you were to repeal self-service in any state, the first people in to oppose that repeal would be your independent dealer in any other state house in the nation. The independent dealer is the backbone of the gasoline marketing community. The major oil companies have long recognized the value of the independent local dealer operating a service station, and running that business as he or she knows best how to do.

As evidenced, a survey of the top six leading gasoline marketing companies found that 99% of their branded retail outlets are run by independent dealers. For example, you will see that nationally I have included statistics in my statement here, that show, for example, Amoco, with over 12,000 national stations -- stations nationally-- Less than 102 are company-operated. You heard from Exxon before. Exxon has approximately 15,000 branded stations nationally -- 15,000 -- and yet 500 are company-operated stations. Sun has 6000 stations nationwide; 47 are company-operated. My point is this -- and I could run down the entire list: If there is that back room, that type of philosophical approach that we have to run the independent dealer out of business, they're sure doing a lousy job of doing that. In fact, the gasoline independent

dealer will be around, and has thrived with the introduction of self-service gasoline marketing.

As far as employment is concerned, the employment question can be simply addressed by looking at self-service as a marketing tool, particularly in times of high employment. As you saw, when you traveled to Trenton today, help wanted signs have become permanent fixtures at most stations throughout the State. Self-service may help dealers to overcome the difficulty they are experiencing in hiring. We had an example of one station that went through close to 100 different attendants in a given year, last year. I think you will see that with self-service, you can have dedication of employees. For example, that skilled mechanic you use to facilitate repairs in the back doesn't have to stop, walk out, and attend to a pump to service people. He can continue to perform that skill which he is very highly paid for -- well paid for -- while allowing the consumer the option, while there is someone there to make change, to watch over the operation, and to perform the types of service that that station dealer makes a decision on.

As far as price is concerned, the price for the pumping of a gallon is ultimately determined by the local service station dealer, based on the competitive forces in the marketplace. The results of surveys indicated that approximately right now nationally -- in the 48 self-service states -- you've got a figure that 79% of the people polled prefer the option. We do not anticipate that the introduction of self-service in New Jersey will be accepted by the public in percentages that large, which, again, offers the conclusion that attendant service will be available, because ultimately that consumer dictates the type of service that that company or dealer operation may, in fact, offer, or choose to strategically offer.

Mr. Chairman, the final remarks I have address the issue of safety. On the issue of safety, you have the National Fire Protection Association code, which has been used as a model by other states in adopting regulations designed to protect the consumer, with the advent of self-service. The National Fire Protection Association, as you know, is a nationally recognized organization that develops guidelines in this area.

Secondly, you have the question of insurance. Mr. Chairman, it has been our experience that insurance companies which are designed to set the rates and pay attention to the accident experience at service stations, make no distinction between full-service and self-service operations; that inherently self-service, with an attendant kill switch and some of the other equipment available, can, in fact, offer significant reduction in the incidence of accidents. Thus, it would appear that safety concerns that underlaid the initial ban on self-service, are not a significant problem today. Insurance companies do not charge higher fire insurance premiums to self-service retailers.

Mr. Chairman, I think it is important that we recognize that there are protections -- appropriate protections -- in New Jersey laws, protecting the rights of dealers to market gasoline and other products here in the State. We have one of the nationally recognized franchise protection acts, supplemented by the national franchise -- the NFPA -- excuse me, the PMPA, down in Washington, which is used by the Federal government in enforcing the concerns of independent dealers.

I think we should recognize that self-service gasoline marketing is a tool that has been used nationally by consumers and by independent dealers to market gasoline. I would think that there are demonstrated anecdotes that could always be brought to the fore, but the experience is that the underlying premise of self-service gasoline marketing is a concept that

has been long overdue in New Jersey, and that legislation designed to introduce the New Jersey consumer to this marketing concept is long overdue.

I encourage your support, and I would be happy to respond to any questions you might have. Thank you.

ASSEMBLYMAN STUHLTRAGER: Thank you very much for your testimony, Mr. Benton. We appreciate it.

Is Curt Clinkscales with us? (affirmative response)  
Mr. Clinkscales, would you please indicate your organization, or if you are just representing yourself individually?

C U R T C L I N K S C A L E S: I am Curt Clinkscales, National Director of the National Alliance of Senior Citizens, Inc., a nationwide organization with more than 19,000 members here in New Jersey.

ASSEMBLYMAN STUHLTRAGER: Okay. Do you have a prepared--

MR. CLINKSCALES: I have prepared testimony, and I will distribute it. I would just like to make a few comments.

ASSEMBLYMAN STUHLTRAGER: Just highlight it, if you would, please.

MR. CLINKSCALES: Thank you. First of all, I would not be here today if I thought that these arguments -- that somehow reducing staff requirements for a service station, and having one group of people who want to have service versus those who don't want to have service subsidizing the other, would not reduce the price to the consumer. The idea of that just basically goes against all laws of supply and demand. We believe, in no uncertain terms, that a self-service gasoline situation saves money for the consumer.

Now, the people whom we represent live on fixed incomes. They are very often poor. One of the things about living in that situation, is that the older you get, the more often you are apt to drive an older car, and those are the old gas-guzzlers. So you are going to have to pay a higher percentage of your income for fuel.

We were kind of surprised at this when we did a survey on it in Washington. We were actually doing it for a different purpose -- and it has been mentioned today -- the secondary recovery systems on gas pumps, which we, frankly, were opposed to because of the difficulty that many elderly people have in dealing with those unwieldy ones. The ones in California are kind of bad, too. Some of the ones, perhaps, that they are putting here are not as bad.

We were watching these, though, and we were surprised at the people who actually used self-service. It wasn't the people who you would normally think it would be, the able-bodied people, it was the elderly people who wanted to save money because they are living on a fixed income. They would pull up and service themselves, while the people who primarily pulled up to the full-service pumps, were the young ladies, who flashed a credit card, and let daddy or their husband pay the bill. I find that to be very much shown today by the testimony which stated that consumers are going to lose money if you have self-serve.

What it means is, right now we have people in this State who would like to have a lower cost and would like to pump their own fuel and save their own money. Right now, they have to pay a higher price to subsidize those people who do not want to.

Mr. Chairman, it is, without question, one of the most difficult things I have ever encountered, to hear someone say that eliminating those employees would not lower the cost to the consumer. We feel, unequivocally, that it would, and we strongly endorse this legislation.

ASSEMBLYMAN STUHLTRAGER: We want to thank you for your testimony. Assemblywoman Randall has indicated that neither her father nor her boyfriend are paying for her gasoline. (laughter)

Mr. Forst, why don't you come forward, and give us the point of view that you represent? You get the prize for the longest cigar here, I guess, today.

F R A N C I S A. F O R S T: Good afternoon. My name is Frank Forst. I am the Business Manager of Local 194, IFPTE, AFL-CIO, and Vice President of the New Jersey State AFL-CIO. A little earlier today I had Mr. Charles Marciante with me, the President of the New Jersey State AFL-CIO. He was going to testify, but because of the lateness of the hour and another appointment, he had to leave. He has asked your permission to submit a written statement concerning the State AFL-CIO position, and I knew you would appreciate that.

First of all-- I am not going to go into everything in my prepared statement, because I understand time. But, you know, we are here before the Committee on Law and Public Safety. We are not here on consumer price savings or an argument as to whether things are cheaper or more expensive. Just to go away from my text here a little bit, I hear all these arguments. I heard the guy from Exxon, who represents 1500 stations, saying that there won't be any more stations. Then we heard the guy from Shell saying, "I'm scared to death of these people." The guy from Exxon said, "Well, the company-owned stations follow the pricing in the area." The guy from Shell says, "Don't let any more company-owned stations in, because they set the tone." We don't even know who is telling the truth here. I sat back there wondering, "Which one is telling the truth?" I don't know anything about this oil business, except that my mother owned a station when I was a youngster; had little old gas pumps outside the candy store.

But, you were talking safety. You will notice on page 3 of my testimony only a couple of pictures. There is not a lot of wording in there. There is a sign there that says, "Self Service Island - Warning: It is unlawful and dangerous to dispense gasoline into unapproved containers. No Smoking.

Stop Motor During Fueling Operation. By Order of the State Fire Marshall." I took that picture two years ago in California. I walked into the gas station with my cigar in my mouth, puffing away, and I asked the fellow how to pump the gas. I said, "I'm not used to it back in New Jersey." He said, "Well, you just pay me, and you go out there." I walked out, with the cigar in my mouth again. I finally put the cigar in the ashtray, turned my motor off, and started pumping the gas, because I didn't know where the hell the State Fire Marshall was. But, you know, that guy inside who was collecting the money, didn't give one good God-damn-wikout my safety or about me smoking that cigar or nothing else. And this is the Committee on Public Safety.

When you hear people say, "Well, it's safer today; it's safer because you have some kind of an automatic switch inside, or something like that--" Safer for who? The girl who is in there selling milk? Who is it safer for? Is she going to find the switch, or is she going to wait until all the gasoline rolls down the highway, when someone with a cigar starts a spark and blows the whole God-damned place up?

I think we're talking about apples and oranges. I hate to get back to Senator Cardinale's comparisons. But, you know, my wife goes out in the car, and she keeps the windows rolled up. When the attendant comes out to give her gas, she rolls the window down and tells him how much she wants. I heard some people here-- I think it was the Exxon fellow who said, "Look, it's safer now, because the person can be inside and be safe." Well, that person can be inside and be safe, but he wants my wife and my two young daughters to be outside and be unsafe.

Now, we're talking safety. If you make my wife get out of that car, with her money, to go up to wherever that building is-- There could be muggers, rapists, and anybody else lurking around the corner. See, that's unsafe; that's

unsafe. The same guy who is around the corner may know the guy who works at the gas station. He wouldn't dare rob him, or wouldn't smack him, but he thinks my wife is too easy a mark to miss, or it's too quick a purse to grab. It's too easy; it's much too easy. So, what are we talking about, safety? We're talking about putting people in the most unsafe situations, in an era when there is more and more exposure to muggings, which we read and hear so much about.

I am very upset about safety. The State AFL-CIO is very upset that we would go to no-service gas stations. We keep using the fancy words, "self-service." We know what they are. They're no service.

ASSEMBLYMAN STUHLTRAGER: We probably have plenty of people who are going to testify on safety. I thought you were going to espouse the labor point of view, and I wish you would.

MR. FORST: I will, in a minute, but I have equal concerns about safety. I think that is why we're here. Otherwise, we would be over at the Committee--

ASSEMBLYMAN STUHLTRAGER: You're here for labor, though, I assume, so--

MR. FORST: Yes, I am. The last time we looked at this situation was about two or three years ago. There were almost 30,000 people working in the service station business. They were all entry-level, learning-type jobs. I believe it is safe to say that at least half of the auto mechanics today started out tinkering in gas stations; school dropouts, pulling themselves up by their bootstraps; out-of-work wage earners looking for a new start; fathers trying to make a few extra bucks, when their regular employment didn't pay enough. Mostly young people looking for an opportunity, and maybe dreaming some day that they might own their own gas station, or maybe becoming a racing car mechanic. The gas stations today, with the system we have now, provide hope and a chance for the future, and yet to go to self-service would take away all of those opportunities that have existed ever since I was a kid.

You know, Assemblyman Otlowski introduced one of these bills. He said he introduced the bill because a company in Perth Amboy had told him that they needed the bill to stay in business. The company was under vast pressure to be able to be productive and make a profit. That company is still there, and that was three years ago when Assemblyman Otlowski introduced his bill.

Pricing is a concern to the AFL-CIO, because we are a consumer group. We do represent millions of people in the State of New Jersey. People want us to bury our heads in the sand. We have these theoretical arguments. Do you mean to tell me that if the cost of operation goes down, the savings would not be passed on to the consumer? Why would we have to sit here on an afternoon in April and argue that, when we know that in 48 other states it was not passed on to the consumer? Why is there a big question about that? Why is there any doubt in any Senator's or Assemblyman's mind that the consumers first got a little break, and then all of a sudden, the prices shot up? Is there not one of you who hasn't traveled to Florida or to North Carolina or to California who hasn't come back and told the same story that they tell me almost every other week, "I went to California, and the gas is \$1.35 a gallon. If I pumped it myself, it was \$1.55 a gallon"?

Now, when we came here three years ago, the petroleum industry testified that the difference was four cents between self-service and full-service. When we hear people like this National Association of Senior Citizens testify about the existing situation, I believe them. The AFL-CIO believes them. The senior citizens are driven to self-service pumps by the ipso facto result of the fact that full-service has gone up 20 cents and 30 cents a gallon. They are forced to go to self-service. He is giving you a survey after the fact. But, who is giving you a survey right now? Who is telling you right now that New Jersey's prices are almost the lowest in the

country? What would we tinker with that? Why would we tinker with that? What do we care if there is one group of service station owners who don't want it and another group of service station owners who do want it? The Exxon company-- All they want is strictly self-service gas and go, and they could sell you cigarettes and ice cream. Why would we care about all that?

I think the Public Safety Committee has the issue of public safety. I think the AFL-CIO has a right to speak on the question of public safety. My wife being mugged is my concern, and the concern of the AFL-CIO. And my daughter being mugged is a concern, and exposure to it. You know, there is a lot of cynicism in all of this. You know, you think this is all economics. I heard Senator Cardinale speak about, do you think this could happen? My father happened to be a business owner. He was a conservative Republican. He would have fit well in Senator Cardinale's district. In fact, I think he lived there one time.

ASSEMBLYMAN STUHLTRAGER: I take it you are not a conservative Republican? (laughter)

MR. FORST: I would say not necessarily. And you can think what you will; I am just talking about the theoretical pricing issue -- that isn't the practical pricing. My father used to make leather folders for certificates for some organization. He used to make 25,000 or 30,000 of them a year. One day he wrote -- the money was nice, and everything -- and told them, "You know how the cost of everything has gone up. I regret I have to raise my price two cents an item." Then I sat home and heard my father brag to me that his price didn't go up. They were so happy. The letter that came back said how glad they were that he had held his price down for so long, and they were certainly willing to pay. Now, I considered that unscrupulous, but I didn't tell my father that, because he was bigger than me. But, you know, there are unscrupulous people.

I am not going to get into a lot of nonsense. I am going to close with this. It is unsafe for people to pump their own gas. It is unsafe, and it is foolish to expose women and senior citizens to that. In my testimony, you will read about the perfumed lady going out for the evening, walking into the dance and being told that she stinks. Who wants to stink like that? Or a lawyer, or myself, as a business representative, getting dressed up, shaved and showered, and putting cologne on, or after shave, or whatever, then going out to pump gas-- When you come in, everyone says, "Phew, holy Christ, what are you wearing today, Oil of Texaco?" (laughter)

Also, on the jobs, and I am very serious about the jobs-- On the costs, don't let us get bamboozled, "Well, it's about time, it's long overdue" -- yeah, "it's long overdue to stick it to the people of New Jersey." Nobody here believes it is long overdue.

SENATOR CARDINALE: Frank, I just want to reassure you about one thing. Lisa (referring to Assemblywoman Randall) and I have just gone through this bill, wondering if we should put forward an amendment that would exclude you or your wife or your son or your daughter from ever having to go to a self-service gas station. But we found that there was no requirement in this bill that anyone in your family, or my family, or anyone in the State of New Jersey would ever have to go to a self-service gas station.

I would just like to tell you something about a friend of mine. He drove up here from Florida, and he said, "Boy, the price of gasoline in New Jersey is absolutely outrageous. It is the most expensive gas I have ever seen." I said, "Now, wait a minute, you've got something wrong." I said, "Where did you buy that gas?" He said, "On the Turnpike." I took him over to Route 46, and he found that there was a 23-cent differential. So, it's a question of where you buy the gas. I suspect those people from New Jersey you're talking about, when

they are out on major highways, will find that the most expensive gas you can buy anywhere, when you are not buying it in your own neighborhood, where you are familiar, is on the routes that the tourists travel. I think that is a rap that nobody in any state deserves. I think the prices of gasoline are pretty much the same, if you take out all the extraneous factors, whether you are buying in one state or you are buying in another state.

MR. FORST: I regret having to comment, but, Senator Cardinale, there is just no truth in what you have just said. I know, I can see the cynicism. I see it. But, I've been there. I took a Winnebago across county. I went for 30 days, and the prices were outrageous. When I'm talking about really outrageous, I'm talking about the difference between self-service and full-service. I told this story in my prepared statement. It wasn't somebody else, it was me. I went up to Donner Pass. I had to put gas in the Winnebago, and my hand stuck to the damned pipe and froze on there. I couldn't get it off. I had to yell to my wife, who had to come out with some water to throw on it to get my hand off. (laughter) I'm telling you, that's a true, so-help-me-God story.

How about it, Senator? Did I tell you? Why do you think I'm here? Did I tell you a so-help-me-God story, Senator? Do you think I have any interest in gas stations? I hear the cynicism. I see the laughter. Do you think I have a personal interest? I don't own one. I don't want one. I don't work for one. None of my members work for one. I used to represent the Exxon station on the Turnpike, but then they went to other companies, and we don't represent those workers. We don't represent the workers. The AFL-CIO represents no workers at gas stations. We are interested in the public concern and the consumer price. Anyone who makes fun of the Turnpike gas price, and talks price, is not talking the same thing.

The gap between self-service-- You know, when they came here-- I repeat, when they came here three years ago, they said the difference was four to six cents. We heard the Exxon man say today -- and I listened carefully -- "I have seen it as low as eight to ten cents." He has seen it "as low as eight to ten cents," which means that he has seen it much higher, and was afraid to-- He just said what he saw it as low as.

So, we are going to wind up paying for service, and I think it is criminal.

ASSEMBLYMAN STUHLTRAGER: Mr. Forst, thank you very much.

MR. FORST: Thank you.

ASSEMBLYMAN STUHLTRAGER: Mary Gamble? Mary, are you in the room? (no response)

R E N E E B O R S T A D (speaking from audience): She's not here, Mr. Chairman. I have some pictures here which will show you--

ASSEMBLYMAN STUHLTRAGER: Who are you, ma'am?

MS. BORSTAD: I am on the list. My name is Renee Borstad. I am Director of the Consumer Affairs Office, Burlington County, New Jersey.

ASSEMBLYMAN STUHLTRAGER: Sorry, I didn't hear you.

MS. BORSTAD: I am the Director of Consumer Affairs for Burlington County, New Jersey.

ASSEMBLYMAN STUHLTRAGER: And--

MS. BORSTAD: And I have some pictures that I can show you, which show there is a difference in the price of gasoline between self-service and the way we are getting it now. Here they are.

ASSEMBLYMAN STUHLTRAGER: Ma'am, why don't you walk over to the witness table? Let me say this: I think testimony has been elicited on that point. If you want to submit those pictures -- make copies of them and give them to the Committee

-- we will appreciate that. Is there any other aspect of your testimony while you are there?

MS. BORSTAD: Well, yes, but I think the question was raised whether or not there was to be an indication from Exxon whether or not they would raise the price of gasoline.

ASSEMBLYMAN STUHLTRAGER: Well, basically we have been talking about that all morning.

MS. BORSTAD: We have gasoline supreme unleaded. Self-serve, it is \$1.09. If it is not self-serve, it's \$1.46.9. If you use your credit card, it's \$1.59. That's 4/19/88 -- Fifth and Oregon Avenue.

ASSEMBLYMAN STUHLTRAGER: In the City of Philadelphia?

MS. BORSTAD: Yes, sir. That's right across the river.

ASSEMBLYMAN STUHLTRAGER: Okay. Well, I'm just asking, the City of Philadelphia?

MS. BORSTAD: Yes. They have self-service. At another station at Front and Oregon Avenue, the price of gasoline, if self-serve, is 80.9 cents. If it is not self-serve, it's \$1.14.9. I will submit these for you.

ASSEMBLYMAN STUHLTRAGER: Let me ask, what was the self-serve -- 89.9?

MS. BORSTAD: No, 80.9 cents.

ASSEMBLYMAN STUHLTRAGER: That was where?

MS. BORSTAD: That was at Front and Oregon Avenue, right across--

ASSEMBLYMAN STUHLTRAGER: Okay, let me just focus in on that 80.9 cents. What is the difference in tax between New Jersey and Pennsylvania, Jim?

MS. BORSTAD: This is--

ASSEMBLYMAN STUHLTRAGER: Ma'am, will you--

MS. BORSTAD: Okay, I'm sorry.

ASSEMBLYMAN STUHLTRAGER: Mr. Benton, what is the difference in tax between New Jersey and Pennsylvania? How many cents?

MR. BENTON (speaking from audience): Ten cents.

MS. BORSTAD: This includes tax.

ASSEMBLYMAN STUHLTRAGER: Ma'am, will you please--

MS. BORSTAD: Sure.

ASSEMBLYMAN STUHLTRAGER: That's 80.9, a difference in tax of 10 cents between the two states. Factoring out everything else, theoretically at least, that gas would sell for 70.9 in New Jersey, which is less than our gas is selling for. I am just making that point, ma'am.

MS. BORSTAD: Right now, the price at the Exxon station at Fifth and Oregon Avenue, with all due respect, is, regular, 82.9 cents. That is including tax.

ASSEMBLYMAN STUHLTRAGER: Well, again, if we are trying to get the facts here, and that is what I think I am here to do-- The point I am trying to make is-- I am not attacking you, but you are actually inadvertently and unwittingly, I take it, introducing evidence, really, for the other side. If it's 82.9, and they have 10 cents more in tax, that would be 72.9, and you are not going to get gas over here for 72.9 now. Is that right?

MS. BORSTAD: This is self-serve. If you want to--

ASSEMBLYMAN STUHLTRAGER: I know what it is.

MS. BORSTAD: If you don't want to serve yourself, you have to pay \$1.50.

ASSEMBLYMAN STUHLTRAGER: But the argument is, can the price of gas go down here if there is self-serve? And, there seems to be some evidence, based on your pictures and on what you just said specifically -- the pictures taken today, or the nineteenth -- that there might be some potential for a drop in price. I know that is not what you came to testify to, but that is what your pictures show.

MS. BORSTAD: What I want to bring out is, there is a tremendous increase. The question was raised, would that increase the profit to the station, and I believe it would increase the profit. I am sharing that with you.

ASSEMBLYMAN STUHLTRAGER: Well, that is a valid point, too, but I did pick up the other point.

MS. BORSTAD: That's point one. Point two (witness takes a piece of equipment out of her briefcase), this is one of the vapor recovery nozzles which will be required by December 31, 1989.

ASSEMBLYMAN STUHLTRAGER: Okay.

MS. BORSTAD: All right. In order to use that, the individual who is going to serve gasoline will have to know the correct way to click it into the gas tank.

ASSEMBLYMAN STUHLTRAGER: Okay.

MS. BORSTAD: It is not an easily done situation. The question of safety arises here, if it is not done correctly. The individual who will be placing this, if you do self-service, will be the consumer. I am not too sure that all consumers are that adept at handling something like that.

There is another little trick of the trade which I call "the gas cap social." That is, if someone wants a full tank of gasoline in self-service--

ASSEMBLYMAN STUHLTRAGER: Ma'am, you are going to have to stay by the mike, because you will not be picked up for the recording.

MS. BORSTAD: Well, I won't talk-- (witness walks back toward microphone) Now I will talk. That is by shoving the gas cap in the trigger mechanism to keep the trigger open, so that the individual who is serving himself can-- (demonstrates) This is the new one, so until that is in they will do it the other way. There are still smaller ones. But the person in the kiosk cannot see what is occurring, and the gasoline will spill.

ASSEMBLYMAN STUHLTRAGER: Normally, isn't there a thing on the back of the pump anyway, which you can hook on there and it goes automatically?

MS. BORSTAD: Yes, well that's-- No. What you have right now, if you go to self-serve-- I questioned that. Right now--

ASSEMBLYMAN STUHLTRAGER: There is something there now, though, isn't there?

MS. BORSTAD: No. The gas cap is different on the newer cars.

ASSEMBLYMAN STUHLTRAGER: No, I am not talking about the gas cap. On the back of a pump, isn't there a little thing you can click on and it goes automatically, and then it will click off? Is that what you're--

UNIDENTIFIED SPEAKER FROM AUDIENCE: May I just clarify that?

ASSEMBLYMAN STUHLTRAGER: If you could clarify that one point, I would appreciate it.

UNIDENTIFIED SPEAKER FROM AUDIENCE: In some places, you have the safety latch. Some states do not require it. There is a safety latch on here. I didn't know what she was getting into. That is a safety latch there. In other places, with the smaller caps, there is a trick of putting it underneath so they don't have to-- Who was it, Frank Forst, who froze his hand? We'll have to teach him that he has to put a gas cap under it the next time.

I would like to make one other correction while I am here. The station she showed you with the 80.9 cents is an Atlantic station, which is what we consider an off-brand station. So, the comparison--

ASSEMBLYMAN STUHLTRAGER: I shop for the cheapest gas. I don't care what kind it is.

UNIDENTIFIED SPEAKER FROM AUDIENCE: Well, no, this wouldn't be valid-- You would have to compare this, Mr. Chairman, with a like station in New Jersey. In other words--

ASSEMBLYMAN STUHLTRAGER: Well, is there a like station? Is anyone in here selling gas for 70.9? (no response) No one is raising his hand.

UNIDENTIFIED SPEAKER FROM AUDIENCE: Well, everybody in here is a major brand operator -- most of them -- because the companies encourage dealers--

ASSEMBLYMAN STUHLTRAGER: We have both sides of the issue here, don't we?

UNIDENTIFIED SPEAKER FROM AUDIENCE: No, no. This is-- Well, I don't want to belabor the issue. This is what we would call an off-brand company. It is not a major brand company. It is not an Exxon, Shell, Amoco. You haven't got an Atlantic dealer in this room to compare this price to. Just for whatever the correction is worth. I don't want to--

ASSEMBLYMAN STUHLTRAGER: Okay. What was the other station, ma'am?

UNIDENTIFIED SPEAKER FROM AUDIENCE: The others were Exxon stations.

MS. BORSTAD: That was an Exxon station, and there is a price difference. Would you like this picture?

ASSEMBLYMAN STUHLTRAGER: I think you should submit it. Staff will make copies. I hope they will come up in the copies. And thank you for bringing that new nozzle in. I had never seen one. Thank you very much.

MS. BORSTAD: Thank you.

ASSEMBLYMAN STUHLTRAGER: Is Judy Lorringer here?  
(affirmative response)

J U D I T H L O R R I N G E R (speaking from audience):  
Yes. Most of my testimony would be redundant.

ASSEMBLYMAN STUHLTRAGER: Now, there's a woman who has seen the light. Thank you. Are you in favor of it, or--

MS. LORRINGER: I am totally against it.

ASSEMBLYMAN STUHLTRAGER: Totally against it?

MS. LORRINGER: Yeah. I was recently in Florida last week, and I would just like to say that I drove into three stations, because I had to fill the car up to take it back to the car rental. I could not get full-serve. There was not one

available -- not one full-serve island. I waited 10 minutes at a station to get help, because I have never served myself gas. When the guy came out, he showed me how to put it in. When he was walking away, he said, "Watch out. If it doesn't kick, it may splash all over you."

Now, I was going to the airport. I didn't need to have gasoline splashed on me. I am totally against it.

ASSEMBLYMAN STUHLTRAGER: All right. Thank you for your testimony.

Is Andrew D'Amico with us?

A N D R E W J. D ' A M I C O: Yes, I'm here.

ASSEMBLYMAN STUHLTRAGER: Mr. D'Amico, do you have prepared testimony?

MR. D'AMICO: Yes, but I am not going to read it. I will just comment on a couple of items.

ASSEMBLYMAN STUHLTRAGER: Good, thank you.

MR. D'AMICO: My name is Andy D'Amico. I am Vice President of Gasoline Station Operations for Amerada Hess. I think, to answer just a couple of the statements that have come up here-- There were some comments made about people being concerned for safety, as far as someone getting out of his or her car and dispensing gasoline, and so on and so forth. We have a number of stations throughout the country and, believe me, we have never had a consumer who was pumping gasoline injured in any way whatsoever, or robbed, or molested. We sure as heck have had in the State of New Jersey, though, a number of attendants who have been robbed and molested, and so on and so forth, while they were doing this job, or while they were working at these gasoline stations. So I think safety is a very valid issue. I think it is one thing we have to talk about.

Some of the other issues that came up-- There were some discussions about price and, while I can't talk for the dealer operations we have in the State of Florida, I can say

that those locations we have that are company-operated, if, in fact, self-serve is legalized, we would see a change in the pricing. I expect that change initially would be in the range of about three cents a gallon. In other areas where we operate-- Let's take the State of New York. There was some concern voiced about, would a consumer, in fact, be able to get full-service if he were looking for it? In the State of New York, in most of the state it is legal to do self-service, but about 31% of our stations operate totally as full-service outlets. The balance of them operate as either split-service or self-service. So, in a state where, in fact, self-service has been legalized, we still have 31% of our stations that operate totally on a full-service basis. I think that is important to recognize.

In addition to that, there are a number that operate on a split basis, where the consumer has the choice of buying either self-service or full-service. The average price differential the consumer is paying at a Hess station, again company-operated, is about seven cents between that self-serve and that full-serve price.

One of the big issues that came up in the discussions here was the labor issue. Labor, to us, is an awfully big problem, because right now we are operating our stations with about 65% of the people we need to operate these gasoline stations. It is really not a matter of people chasing jobs. We are really chasing the people. We are trying to get people in any way we can. We attend job fairs. We have training vans that we send out to shopping malls to try to attract people. We recruit through high schools, through colleges. We go to retirement communities and attempt to get people to come out. We have employees right now at 83 and 84 years old working at gasoline stations.

Employment isn't an issue. I don't see us letting any of those people go, because right now we just can't get enough

people to operate. Because of that, we have had a number of things take place at our units. I think the most important thing is that we see consumers waiting five and ten minutes to get service at a Hess station. Believe me, we do not like to see that. One of the things we pride ourselves on -- and I think if anyone in this room has seen a Hess station he will agree with me -- is the appearance of our locations and the service we provide. Right now, we find it very, very difficult to do both of those things -- to maintain that service, to maintain that appearance.

So, the whole issue of labor and people losing jobs, I don't think is valid, certainly not in this industry any longer. In the packets we passed out, we show some statistics from the State of New Jersey employment forecasts -- between the years of 1987 and 1995. I think when you look at that, and you look at the population trend aged 15 to 24 -- and again, these are most of the people we employ -- you will see a 14% decline in the availability of those people between now and 1995. The top portion of that chart shows the expansion of the wholesale/retail job segment, and you can see a 25% growth in wholesale/retail jobs. The difference -- that decline of 14% in the available work force -- and the increase of 25% is the marketplace we are going to be looking at in 1995 to try to find people to man these gasoline stations.

So, is labor an issue? I don't think so. I don't think it is a very valid issue.

I think, in listening to some of the testimony, I tried to address some of the key points and some of the things that might be of concern to the Committee. Hopefully, through the course of these hearings, I think we will begin to recognize that, in fact, self-service does have a place. It has a place in 48 other states, and it is operating very, very successfully. I think it can operate successfully here, and I think it can operate to the betterment of the consumer. I

think it can operate to the betterment of the employee. And I also think it can operate to the betterment of the employer.

If there are any questions, I would be happy to try to answer them.

ASSEMBLYMAN STUHLTRAGER: Assemblyman Pelly?

ASSEMBLYMAN PELLY: Thank you, Mr. Chairman. Very quickly, Mr. D'Amico, you testified that under your situation, in a self-service environment, the consumer would expect to save three cents per gallon. Is that what you--

MR. D'AMICO: That is what we would expect.

ASSEMBLYMAN PELLY: You would expect three cents per gallon. You also stated that you experienced a seven-cent differential between self-service and full service.

MR. D'AMICO: Six to seven cents.

ASSEMBLYMAN PELLY: Six to seven cents. Does that mean that the full-service situation in New Jersey, if self-service were implemented, given that six- to seven-cent differential, would increase by three or four cents per gallon?

MR. D'AMICO: I would tend to think you are looking at a differential between self-and full- -- a total change of probably about six to seven cents, eight cents overall. Keep in mind that the number of people who are going to buy full-service is going to drop off drastically. Our experience has indicated that about 11% to 15%, where we operate on a split basis, will choose full-service, at a differential now of a lot less than what the people talked about here. They were talking differences of 22 or 23 cents.

ASSEMBLYMAN PELLY: Yeah.

MR. D'AMICO: We're talking a difference of probably six to eight cents and, again, only 11%, 12%, 15%, depending on the individual station.

ASSEMBLYMAN PELLY: Okay. So, if New Jersey were self-service now, or had the option right now, it would be three cents cheaper for self-service, and three or four cents more than what now exists for full-service.

MR. D'AMICO: Probably the case.

ASSEMBLYMAN PELLY: Okay. I wanted to ask about your experience in your gas stations. In a typical gas station in New Jersey, for example, contemplating the advent of self-service-- How many fewer employees would you anticipate having at your typical gas station now, if self-service were implemented?

MR. D'AMICO: Keep in mind, we are operating at 65% of the people we need right now to operate the gasoline stations we have. We just cannot-- We underman stations. That is what's happening right now. Consumers come up to our dispensers right now, at the busy times of the day-- Again, we constantly preach and stress and absolutely our company obligates those attendants to provide full-service -- cleaning the windshield, asking to get under the hood, cleaning the rear window, and so on and so forth. That takes some time. There is no question about that. But at busy times of the day, we will see consumers lined up eight to ten deep on our driveways, trying to get gasoline, because we don't have enough people to man the dispensers that are there.

ASSEMBLYMAN PELLY: So, are you--

MR. D'AMICO: I'm saying that with the advent of self-service, we wouldn't see any change, as far as our own situation is concerned.

ASSEMBLYMAN PELLY: No change, and you would be dropping your price three cents per gallon, and increasing--

MR. D'AMICO: Yes, but we would get some expanded hours out of it. Keep that in mind. We are operating the units at 18 hours a day.

ASSEMBLYMAN PELLY: Would your profit be reduced?

MR. D'AMICO: I don't think there would be a drastic change. I think we would probably be looking at the same profit levels that we are looking at today.

ASSEMBLYMAN PELLY: But yet you would be reducing the price per gallon in one instance, and increasing--

MR. D'AMICO: We would be reducing the price, but we would be extending the hours that we operate. We would be better able to provide what services are required.

ASSEMBLYMAN PELLY: Is your situation typical of gasoline stations throughout the State of New Jersey?

MR. D'AMICO: I can't say it is absolutely typical, no, because--

ASSEMBLYMAN PELLY: The employment, the 65% level of--

MR. D'AMICO: I don't know. There are a number of people here who could testify to that. I can tell you what we are experiencing. It is awfully difficult to try to run these operations the way we have to right now. We have field representatives who spend one day a week doing nothing but recruiting today -- going out and looking for people. We have managers who do the same thing. We have one individual right now who does nothing but go out and recruit for the metropolitan New Jersey/New York area -- just recruiting people full-time. We have training vans that we send to malls and to workshops, to try to hire people. We are constantly recruiting at the colleges here and in every other part of the State. Our average salary now for hourly workers is \$5.10 an hour. That is well above minimum wage. We can't find the people.

ASSEMBLYMAN PELLY: Thank you, Mr. Chairman. Thank you, Mr. D'Amico.

ASSEMBLYMAN STUHLTRAGER: Thank you, Assemblyman. Thank you, Mr. D'Amico, for your testimony.

Sir, Senator Rice has one quick question. You can probably answer from your seat. (witness had moved away from witness table)

SENATOR RICE: Just listening to you, you mentioned that 3% differential. May I assume that you wouldn't have any problem if a percentage were locked in to make sure that that

differential remained somewhat steady, because there is going to be an increase on self-service and full-service. In my estimation, it has happened. We are going beyond where you are now. The only saving, the way I see it, is to save between full-service and self-service. That is not what I am looking at. I am looking at what we are paying now. How do we pay less and everybody benefit? That is not going to be the case. There is going to be a profit above what is being made now.

MR. D'AMICO: I think I understand what you're saying. I think what you're talking about is probably very, very difficult to do because of the different expense levels of different operations. Obviously, there are protections you can attempt to build in, but there are different expense levels for every operation in this room, depending on their gallonage, depending on where they operate, how they operate, island configurations, and so on and so forth. It is very, very difficult to mandate that someone who is doing 5000 gallons a month on a full-service island can only get eight cents a gallon more, versus someone who may be doing 50,000 gallons on that same thing, because you are going to require manpower at both levels. If you have to man that 5000-gallon-a-month island, it is going to be very, very expensive to do, versus the same individual who is doing 50,000 at that full-service island. I don't know how it could be done. I am not saying it could not be attempted, but it would be very, very difficult to do.

SENATOR RICE: Well, that's like saying if we go with self-service, even though there may be some reasonable difference of 3%-- It's really foreseeable that that 3% could very well be a 20-, 30-, 40-cent difference in the future, once we pass a law to make self-service. Is that correct?

MR. D'AMICO: I wouldn't expect to see that much. My experience has been the same as virtually everyone else in the room. I spent some time in Florida -- had some operations

there -- and I think that some of the things that some people saw here, the differences of 22 or 23 cents between self-service and full-service, were realistic. But, at the same time, there were some people who looked at differences of five and six cents. It is very, very difficult to mandate how an independent businessman is going to operate. Street prices basically control what is going to happen, and consumer preference dictates what is going to happen.

If you take a dealer who has been converted from self-service to a split island arrangement, if he, in fact, wants to strengthen his full-service end of the business, he can do that by putting a competitive price out, so he can not only recover the difference -- the four or five cents, or whatever it is to man that island -- but possibly a penny or two above that. That would all be in his favor. So, if he did that the right way and put the right price, he could attract people to the full-service island, if he does the things he should do at a full-service island, and that is to get in there and get under the hood to check the air in the tires, to clean the windshield, and do everything else that is required.

But I think those are independent decisions that have to be made by that businessman. If he focuses on it and does it the right way, there are opportunities in a split island arrangement -- to post a very, very competitive price, and do it in a very, very reasonable way, and provide the consumer with what he is looking for.

ASSEMBLYMAN STUHLTRAGER: Thank you very much.

Sometimes one side will stop at nothing to present their point of view. Here, opposed to this proposal, is the Reverend Herbert Jones to give us a few words. I assume there is no moral position on this actually, but-- (laughter)

UNIDENTIFIED SPEAKER FROM AUDIENCE: I just want to point out how I got him. He volunteered me for a task eight years ago. It takes one weekend a month away from me. He told

me about his trips around the country. I figured it would get me even if he would volunteer one day here.

ASSEMBLYMAN STUHLTRAGER: Thank you for coming, Reverend Jones.

REVEREND HERBERT JONES: I don't really come as a priest today to preach, so you can all sort of relax. I come really just as a consumer, to share some experiences I had in '84 and '85. In '84, I drove across the country on a vacation, and in '85 in my work. I got to see perhaps 36 of the 48 states -- of the 50 states.

I would just like to share one or two experiences I had that I came back being very negative on. During the second trip, when I had to go sort of professionally, I had to go dressed as I am now. At times it was very awkward, because of the self-service, not to present myself at a meeting -- a church meeting or a business meeting or at a hospital -- with the odor of gasoline on my hands, and there were times when I had no option. It was just a necessity. It was not at all convenient. That is just from the professional side of things. Here in my parish, if I am visiting hospitals, or visiting shut-ins in their homes, or going to a funeral home in the evening for a wake service, it is not the best way-- I don't like to present myself with that odor of gasoline.

Traditionally, in the Midwest -- the Chicago area -- I constantly ran into these gas marts, where basically it was a convenience store that also sold gasoline. I was traveling using a credit card. I would first have to go in to see if they would take the card, wait in line for them to attend to me while they sold bubble gum, popcorn, or whatever, then go out and pump the gas, come back in again, wait in line again, because they were still selling bread and peanut butter, to be able to pay the bill, sometimes taking a great deal of time to do this, depending on the number of people in the store. The store part, I thought, was much more important than the gas

part, and yet it wasn't-- I went there because of the unavailability of gas stations at that time of the evening. So, it was not convenient for me to pump gas in those circumstances.

Also, there is the question of inclement weather -- cold. The second trip I took I was coming back through the Rockies. It is rather cold in the wintertime. But when you are driving in the winter, even though it is cold, you don't drive with a jacket on and an overcoat and the whole bit. When you pull into a gas station and you get out in freezing weather, again, it is extremely inconvenient. Sometimes there wasn't a choice of self-service or full-service. I personally didn't find the choice even when the two pumps were there, because of the differential in price. At 20 cents a gallon more, I would be cold for a few minutes. I didn't really find that too free.

There was one place on the Texas-New Mexico border, a very deserted area. Anyone who has driven the Southwest knows the enormous distances involved between towns. I pulled into a station that was just self-service, but I needed oil at that particular point. I was very tense and very nervous for the next half hour or so, as I had to continue looking for a place where I could find oil. The self-service station I had pulled into did not have that service.

ASSEMBLYMAN STUHLTRAGER: Oil?

REVEREND JONES: Oil.

ASSEMBLYMAN STUHLTRAGER: You couldn't even get a quart of oil?

REVEREND JONES: I couldn't get the quart of oil, which is a basic necessity in driving a car. I was quite nervous, and continued on the road, in a very deserted area through the desert, as to whether I would burn out the motor before I got to the next gas station.

I just found, when I came back here to New Jersey, that it felt awfully good to be home, where the price of gas that I was paying for full-service here was cheaper, or at least the same, as I was forced to pay for self-service throughout the country. It felt good to be back in New Jersey where the consumer was sort of the boss at the pump.

ASSEMBLYMAN STUHLTRAGER: I hope there were other reasons you were glad to be back, but-- Do you have anything else you would like to add?

REVEREND JONES: No, that's fine.

ASSEMBLYMAN STUHLTRAGER: Thank you for coming and telling the Committee your experiences.

I have gone through the list pretty well. I am going to call up-- Is Fred Sacco here? (affirmative response) As Fred is moving up-- By the time Fred is finished, we are going to be nearing two o'clock. What I have tried to do today, with Senator Graves, when he was here, was get a broad range of opinion pro and con, since we do have a diverse opinion here today. As we announced at the beginning of the testimony, there is no vote scheduled for today. Both Committees will ultimately have to consider these bills, if they so choose, and vote the bills out of Committee, or choose not to, whatever they choose to do. At that time, there certainly will be more opportunity for input, although obviously on a Committee day we are not going to be able to take four hours testimony. But at the same time, if you have anything to say, and you have been unable to voice that opinion here today through recorded testimony, you are more than welcome to submit any written statement through the Committee, and we will disperse that to all members, or wait until either the Senate Committee or my Committee in the Assembly takes up this matter, at which time you will be welcome to come and seek an opportunity to testify then.

With that, let me ask Mr. Sacco, representing the Fuel Merchants Association-- I believe you are opposed to this proposal, Mr. Sacco.

F R E D S A C C O: Thank you, Assemblyman. My name is Fred Sacco. I am the Executive Vice President of the Fuel Merchants Association of New Jersey. We have about 406 members who are independent New Jersey businessmen and women primarily. They are not major oil companies. With the advent of our new computer system, we have discovered we have 111 marketers of motor fuels in New Jersey. We supply-- Historically, I have used the number 1200, but we are supplying almost 1400 service stations that are operated by the independent dealers on both sides of this issue, primarily on the opposition side of the issue.

I wish these guys who are for it would kind of wake up and smell the coffee. I'll give you a couple of illustrations. After the tightness of gasoline supplies in New Jersey, the major oil companies decided on a marketing strategy, and the marketing vice presidents began to determine in the trade papers that certain of these dealers were riding on dinosaurs. They decided, the first crack out of the barrel, that they would take 40,000-gallon-a-month service stations. Then another VP got a better idea, and he said, "Any service station that is marketing 75,000 gallons a month is a dinosaur. So, therefore, I" -- the major oil company -- "no longer wish to supply it."

So, what happened? Fortunately, you have a marketing mechanism in New Jersey of guys who are blood and guts, believe it or not. They are local people who took those service stations from the major oil companies and tried to make a go of them, and many of them have. Now, you ask these guys, who is supplying them the gasoline? The man from Exxon came up here and told you that they supply 15,000 service stations in America. Beautiful! But, most of them -- a very large

percentage -- come through small independent businessmen in New Jersey, not necessarily Exxon, but many of the others.

So, what do we have happening in the marketplace? We have the decision of the major oil companies to change. Listen, guys; listen to the testimony of how many company-operated service stations there are in that part of the country where there is self-serve. And if you really listen to the numbers, you are going to find out that it is 15% company-operated service stations in both states that have self-serve, as opposed to about 9% in New Jersey. Nine percent, that is almost a two to one ratio. It's 40%. That gives you some indication of where the marketing policy of the major oil companies is going to go when self-serve becomes a real part of this marketplace.

There is no savings, absolutely none. When Byron Baer, the Assemblyman, had his hearing several years ago, I took a survey. I went to 60 service stations. I didn't do it this year, because I am trying to get my convention in order, which starts on Sunday. So, I didn't get a chance to go, but I am listening to the numbers, and I used the deviation of 18 cents a gallon -- "X" taxes, apples and apples -- and I found 18 cents, only because I threw out the big numbers, the 46 centses, the 56 centses, the 38 centses. I threw them out of the survey, so that I would not have it skewered. I still come up with 18.

ASSEMBLYMAN STUHLTRAGER: May I interrupt you to ask a question?

MR. SACCO: Yes, sir.

ASSEMBLYMAN STUHLTRAGER: You know, the testimony about the big differential between--

MR. SACCO: It's real, sir. Okay, go ahead.

ASSEMBLYMAN STUHLTRAGER: I am not disputing that it's real. But isn't there-- It's so large, that it would seem that virtually no one would go in there and pay a 40-cent

differential. It would seem to me, virtually no one -- a few people. Whoever is pricing it at that level is probably trying to discourage people from full-serve, I would think. Isn't there a price somewhere in-between? There is still competition out there. Wouldn't someone say, "Well, nobody is going to pay 30 cents difference, but maybe somebody is going to pay 15"? Why doesn't the market work that way, if it doesn't, in your opinion?

MR. SACCO: It doesn't, sir. I believe they are able to tell you of survey statistics of 90% because the consumer is being driven to the self-service side.

ASSEMBLYMAN STUHLTRAGER: I am not disputing that. What I am saying is, you have a station on one corner, and I have a station on another corner. At least where I live, that is still very common. If you had full-serve and self-serve, your price for full-serve is \$1.25, 40 cents more than we are paying for regular basically, and I say, on the other corner, "Well, I am only going to charge \$1.15." It is still a pretty large differential perhaps, but it is 10 cents less than yours. Aren't I going to cut into your market at some point? I might not pay a 30-cent differential, but I'll tell you this, I would probably pay a five. Do you see what I mean? Why won't the market work that way, or why doesn't it?

M I C H A E L J. C I N O (speaking from audience): May I answer that question, please?

ASSEMBLYMAN STUHLTRAGER: I don't know, can you?

MR. CINO: I can answer it.

ASSEMBLYMAN STUHLTRAGER: Why don't we let him try. Do you have an answer to that, Mr. Sacco?

MR. SACCO: I would be willing to share the chair with him.

ASSEMBLYMAN STUHLTRAGER: We probably need an economist to tell us this, but maybe you are--

MR. SACCO: Let me make my point, sir, and then he can deal with that issue, if it's okay with the Chair. Is it okay if I continue to answer?

ASSEMBLYMAN STUHLTRAGER: Mr. Cino, if you want to answer that one question, sir, out of my curiosity.

MR. CINO: I am Michael Cino. I am with Pyramid Oil Company, up in Tenafly, New Jersey.

ASSEMBLYMAN STUHLTRAGER: Why doesn't the market work that way?

MR. CINO: We wholesale gasoline and we retail gasoline. We are on both sides of the fence. I submitted to you a sheet of paper.

ASSEMBLYMAN STUHLTRAGER: Okay. I don't remember specifically.

MR. CINO: On the second page, I show a scenario proving a different point. The scenario works to explain this. In 1986, we had the price of crude oil drop from \$30 a barrel to between \$15 and \$12 a barrel. Okay? That is a dramatic cost decrease. All right? Now, I did a study then -- my professors at Georgetown University did a study then. There were maybe seven markets out of the 150 major oil markets in the country which kept the prices higher. The rest of the markets in the country had varying degrees of competition, which brought the prices down. Okay? What they put together was a model, saying that in these seven markets -- in northern New Jersey, the Linden/Newark area was one of them -- you had a very tight grip of several marketers, who were able to hold the prices up because of their marketing power. I'll tell you right now, my father's company -- the Pyramid Oil Company--

ASSEMBLYMAN STUHLTRAGER: You're taking the long way home to answer my question, I'll tell you that much, but--

MR. CINO: We held very large margins for eight to ten months, before the competition forced us down. So, when you have a few players in the market, you are able to hold the

prices higher. That is exactly what is happening with full-serve. They are not competing on full-serve. No one wants to compete on full-serve. You don't see the prices posted up there.

ASSEMBLYMAN STUHLTRAGER: They're competing on--

MR. CINO: You have a couple of marketers, like Hess. They come in. They have their marketing strategy, which works for them, which is very good. They said they have a margin of eight cents -- seven or eight cents.

ASSEMBLYMAN STUHLTRAGER: I still don't understand, because--

MR. CINO: But the major--

ASSEMBLYMAN STUHLTRAGER: Listen: It seems to me that prices are competitive, as we now stand. Okay? Nobody where I live is complaining about the prices. Of course, they have been relatively stable, and really decreasing, I suppose, over the last couple of years, and are now stable.

MR. SACCO: Sir, please, may I make this point? It is very important to your district, sir.

ASSEMBLYMAN STUHLTRAGER: But why wouldn't they compete on self-serve, just like they are competing on full-serve. Just tell me that.

MR. CINO: The market is driven by-- It is not driven by cost calculations. It is driven by competitive calculations. You look at the guy across the street, and you match him. Or you look at the guy down the block.

ASSEMBLYMAN STUHLTRAGER: No, you don't. You look at the guy across the street and, if you can, you undersell him. So, why, if you are selling at 20 cents over self-serve, for full-serve now in that scenario, why aren't I going to sell it at 15 cents? And then you come back at 14 and I come back at 12. Why, if it works for full-serve now, can't it work for self-serve, economically? If you don't have the answer-- I am not pressing you. You came up to answer the question.

MR. CINO: The reason is this: I know there are only five of us out there, or seven of us out there. I know if I hold my price up, those guys are going to hold their prices up.

ASSEMBLYMAN STUHLTRAGER: So, you're saying it is basically collusion, without talking about it.

MR. CINO: It's not collusion. Okay? I know if I hold my price up--

ASSEMBLYMAN STUHLTRAGER: That is what you just said, though. You didn't use the word.

MR. CINO: Well, it's not collusion. Collusion--

MR. SACCO: The major oil companies, sir, never collude, but the price is almost the same no matter where you go at the time.

MR. CINO: In economics, it is called the Cournot (phonetic spelling) model.

ASSEMBLYMAN STUHLTRAGER: What's it called?

MR. CINO: Cournot. It is named after a French economist. It is a shared--

ASSEMBLYMAN STUHLTRAGER: Where the price of gas is about \$2.50 a gallon actually.

MR. CINO: It's a shared monopoly. The fewer number of players you have, the higher the price is. Perfect competition is 1000 competitors. When you have only three competitors, you are going to have a much higher price.

ASSEMBLYMAN STUHLTRAGER: I don't disagree with that.

MR. CINO: Now, there are a couple of different pricing structures here. It has been contended that New Jersey's price is, let's say, seven or eight cents above other states. Take out transportation. Everyone forgets transportation here. We have some of the lowest transportation costs, because we are right on the harbor. Take out your taxes, take out all of the other factors. I said in here (referring to his written statement) that we were three to four cents -- three to five cents above the other states. Maybe we are seven to eight. It was off the top of my head last night.

The reason for that is that we have fewer players in the market. The wholesalers are making that margin. It is not the retailers. If you introduce self-serve, you are going to get a two-tier pricing structure on the retail end, not on the wholesale end. Our prices are higher on the wholesale end, not on the retail end.

Now, you've got to ask yourselves, why are the big major oil companies behind self-serve? They are going to make more money. And, whose pocket is it going to come out of? Where is it going to come from? It is going to come from the consumer. Now, whether these dealers over here are on the self-serve side, and those dealers over there are on the full-serve side, the dealers are getting caught in the middle. Basically, if you do the economics, if you set up all your charts, the pool margin-- I have been in discussions with five or six oil companies in the past four weeks about self-serve. It always comes down to the bottom line. What is your pool margin, which is your average price between your refinery and your wholesale, or your refinery and your pump? How much is your oil company making in its marketing division? Forget about the crude oil now. And every oil company I talk to, they just end the discussion. They say, "Our pool margin goes up with self-serve," and that comes right out of the pocket of the consumer. Whether it is the consumer who is flashing the credit card and doesn't care what he pays, or it is the elderly person, who doesn't really have the money, or whether it is a handicapped person, somebody is paying more for the gas. And in the long run-- No one asked Exxon the question -- maybe someone over here asked them. Exxon is going to make more money. That is why they are devoting all their people and all their resources to get people down here, because they know they are going to make more money.

ASSEMBLYMAN STUHLTRAGER: Well, you know, they're in business to make money, aren't they? They're in business to

make money. If they are making money because they are saving costs, that is what business is all about. That, in and of itself, is never going to persuade me on the argument -- because Exxon or Sun or somebody else is making more money. There are going to have to be some other reasons to persuade me. I might very well be on your side, believe it or not.

MR. SACCO: Sir, may I finish my testimony?

ASSEMBLYMAN STUHLTRAGER: Why don't you finish, Mr. Sacco, and we can wrap it up and finish for the day. Go ahead.

MR. SACCO: Let me make a couple of points about your district. If you analyze your district, you are going to find out that it is probably supplied-- The majority of your service stations are supplied by gasoline jobbers -- my members -- service stations that the major oil companies had determined several years ago that they did not want. That gives you some indication of where self-service gasoline marketing is going to go down the road.

Your job, as legislators, is, yes, the consumer; yes, the labor market; yes, the small independent businessmen in New Jersey. If you add up all the major oil companies, and take out their chemicals and their research in New Jersey, you are going to find out that the gasoline jobbers employ as many people as the major multinational oil companies. So, you have to have that concern.

When I was sitting back in your seat, as I did as an aide to the Legislature-- In fact -- may I say something? -- it's deja vu. If you had this hearing two months from now-- Thirty-four years ago I was in this room when it was the Supreme Court, because I started my summer job with the Division of Banking and Insurance, which was in this building. I wish you had this hearing two months from now, because that would have really been something. But my first job was pumping gasoline at the Shell station on Greenwood Avenue in Trenton.

The Franchise Practices Act-- That was alluded to as a mechanism to save the dealers. The major oil companies opposed it. They fought it. They didn't want it to become a part of the negotiations. They talk about, nobody is repealing self-serve. Let me tell you, ladies and gentlemen of the Legislature, hundreds of municipalities, through the power they have of ordinance, are getting away from self-serve and going back to some degree of full-serve.

Again, I would like to reiterate that the marketplace is supplied by now just the major oil companies. It is supplied by a lot of small people. Even more importantly, why we are so greatly concerned about our businesses, is that we supply the single island stations, because they are the ones they got rid of. Now you're talking about a piece of legislation that says there will be no self-serve at single islands. That forces the dealers who have those to keep their prices higher. They've got to go out of business. And watch what is happening across the country. It is very, very real, sir.

I could go on longer, but I know you are getting impatient, sir. I thank you very much for the opportunity to visit with you.

ASSEMBLYMAN STUHLTRAGER: I appreciate--

MR. SACCO: Every one of you will fill -- even if you are a self-serve advocate -- your car one in ten times at a service station. You are probably prudent and want to have the oil checked, etc. But in New Jersey, at least in the 60 stations I surveyed, you will wipe out all of the savings that you thought you were accruing over the nine visits in just one visit. So--

ASSEMBLYMAN STUHLTRAGER: I think someone else gave us that sort of a statistic. Mr. Sacco, thank you very much.

MR. SACCO: Thank you so much for giving me an opportunity to visit with you.

ASSEMBLYMAN STUHLTRAGER: I appreciate your testimony.  
R O G E R W. F R I S K E Y, J R. (speaking from audience): Mr. Chairman, we have a dealer here from Amoco who I think you really should hear before you wrap it up, because he operates stations on both sides of the river.

ASSEMBLYMAN STUHLTRAGER: Sir, quite frankly, I would be more than happy to have him testify before my Committee, but if I start doing that, there are probably another 15 people here, and I really don't want to pick and choose like that.

MR. FRISKEY: The only reason I offer that is, you said this is representative testimony. You have heard a lot of anecdotal testimony from people, but I-- I am from Amoco. We did a survey--

ASSEMBLYMAN STUHLTRAGER: Bring him up, sir. He could probably testify shorter than your statement.

MR. FRISKEY: Thank you. We promise to be brief. We also have a couple of other dealers. I don't know if they are available or not. (negative reaction from audience) This is Hooper Monk, an Amoco dealer. He operates a service station in Center City Philadelphia, and one in Camden. He is a resident of New Jersey, and he has been a strong advocate of self-service. He can tell you why, if you will just give him a second. Thank you.

ASSEMBLYMAN STUHLTRAGER: Thanks for coming up today.

H O O P E R M O N K: Thank you. I have two self-serve facilities in Philadelphia, one in West Philly and one in North Philly.

ASSEMBLYMAN STUHLTRAGER: Are you an independent?

MR. MONK: An independent. Also, I have a station in Camden, New Jersey, but I own the property. Amoco supplies me. I don't buy from a jobber. I buy directly from Amoco.

I have been in Philadelphia for four years. We haven't had one insurance claim on the pump island for fire or negligence or anything.

ASSEMBLYMAN STUHLTRAGER: What is your price differential between full and self?

MR. MONK: It is strictly self-service over there.

ASSEMBLYMAN STUHLTRAGER: Oh, it's just self-serve. You don't have an attendant on duty to go out and serve someone, okay.

MR. MONK: No, no attendant on duty. Basically, there are no complaints from the customers.

ASSEMBLYMAN STUHLTRAGER: Excuse me, sir?

MR. MONK: And basically no complaints from the customers. They are strictly self-service stations with food shops.

ASSEMBLYMAN STUHLTRAGER: What do you sell your regular lead free for in your Philadelphia stations?

MR. MONK: It's 82.9.

ASSEMBLYMAN STUHLTRAGER: What do you sell it for in Camden?

MR. MONK: Camden is about the same; 85.9 I'm selling it for.

ASSEMBLYMAN STUHLTRAGER: So it's actually a little bit more in New Jersey than you sell it for in Pennsylvania. Let me ask you this: Since we know that the Pennsylvania tax is 10 cents higher per gallon, maybe you can give us some insight as to what other factors come into play that make your New Jersey price actually higher than your Pennsylvania price, in your case?

MR. MONK: Well, in my case, each location is separate. In Camden, I own the property, and it's a little different. With the stations in Philadelphia, I lease the properties.

ASSEMBLYMAN STUHLTRAGER: You know, if it is a business secret for you, you can just say so, but are you making more money per gallon in your New Jersey station because the price is higher, versus Pennsylvania?

MR. MONK: Yes.

ASSEMBLYMAN STUHLTRAGER: You would be making more money?

MR. MONK: I would be.

ASSEMBLYMAN STUHLTRAGER: So there would be more flexibility if you wanted to cut-- You don't have the 10 cents in taxes, first off, right?

MR. MONK: Right.

ASSEMBLYMAN STUHLTRAGER: What is your margin? If you don't mind saying, what is your margin? When you are selling it for 85.9, what is your margin?

MR. MONK: In New Jersey?

ASSEMBLYMAN STUHLTRAGER: Yeah, in Jersey.

MR. MONK: We work on a margin of about 10 or 11 cents.

ASSEMBLYMAN STUHLTRAGER: A margin of 10 or 11 cents.

MR. MONK: In Pennsylvania, it's seven or eight cents.

ASSEMBLYMAN STUHLTRAGER: Okay. What else do you have?

MR. MONK: Competition dictates that, basically.

ASSEMBLYMAN STUHLTRAGER: Okay. Do you have anything else, sir?

MR. MONK: Yeah, I want to speak about security.

ASSEMBLYMAN STUHLTRAGER: Security?

MR. MONK: Yes -- self-serve. As I said, we haven't had any problems whatsoever with safety for the customers. We haven't had any insurance claims in four years, at either location.

ASSEMBLYMAN STUHLTRAGER: Is there anything else you would like to add?

MR. FRISKEY: As I mentioned, at Amoco we do a 10-year self-serve survey, and I will leave this with you. Seventy-nine percent of the people in the country buy their gasoline self-service. The methodology on the survey is extremely tight. It has been admitted into court. I would be glad to share it with you at a later date.

ASSEMBLYMAN STUHLTRAGER: I'll tell you one thing, though. Seventy-nine percent buying self-serve does not impress me when you have 20-cent and 25-cent differentials.

MR. FRISKEY: Let me make two points.

ASSEMBLYMAN STUHLTRAGER: You're really discouraging people to self-serve when you have that kind of a differential, although I still don't understand, based on Mr. Cino, why someone doesn't cut that margin in half and grab some of that market?

MR. FRISKEY: Well, I think that is an extremely good point. You recognize that. Senator Cardinale certainly recognizes it. And it varies from state to state. In Utah, it is like 95%. Mormons are more parsimonious; I don't know for what reason. In neighboring Pennsylvania here, it is only 64% self-serve, so it varies all over the country.

As far as the differential on the street price, we are predominantly-- We have a few company operations, but we are predominantly a dealer company. The dealers are responsible for setting their street prices. That has been said over and over and over again today. We sell one price at Carteret. Now, perhaps Mr. Ferrara's group would care to send around a pledge for his members to take voluntarily, that we will not charge more than a nickel a gallon for full-serve where self-serve is to come in. I mean, it is strictly a pricing decision on the street. A person could build a full-service business, offering better service, lower prices, competition. It seems to be fairly obvious, yet that point eludes a lot of people.

So, that's all. I'll pass this along. Thank you for allowing us to speak.

ASSEMBLYMAN STUHLTRAGER: Thank you very much. I want to thank everyone for coming today. Even those who came convinced, I would suggest, of one side or the other would have to say it was an interesting series of witnesses we had today.

For those of us who ultimately must make the decision, and who find ourselves trying to weigh the facts and judge credibility and determine what is best for the people we represent, it has been insightful and elucidating. It hasn't made it that much easier, though.

Thank you very much.

ASSEMBLYWOMAN RANDALL: Mr. Chairman, just to complete our record-- I thank everyone for coming as well. I just want to make sure our record is complete. I received an April 21, 1988 document from the Federal Trade Commission. They are basically in strong support of the concept. I just bring that to the attention of both Committee members for their future consideration. Thank you.

SENATOR RICE: Let me just thank you on behalf of the Senate Committee Chairman, Senator Graves. He wanted me to extend his thanks to you.

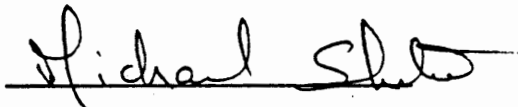
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**APPENDIX**

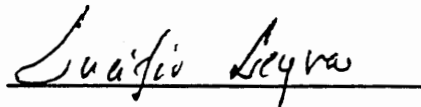
We support the passage of Self-Service Gasoline Legislation that is currently before the New Jersey Senate Law, Public Safety and Defense Committee and the Assembly Law, Public Safety and Corrections Committee. However, a limit on the number of Self-Service operated stations must be included in this legislation in order to protect Dealers from unfair oil company pricing practices.

Very truly yours,

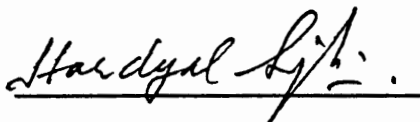
Shell Dealer Advisory Board Members:



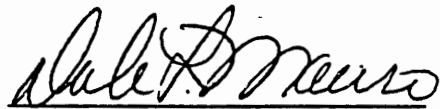
Mike Shabo



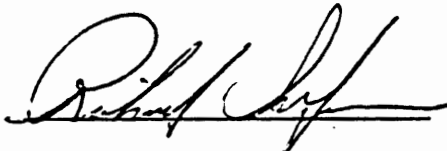
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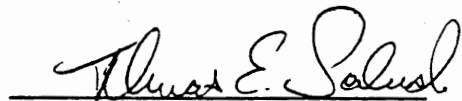
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Dale Mauro



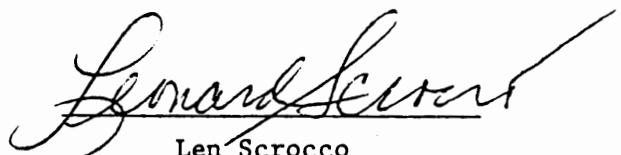
Richard Infusino



Tom Sadowski



Richard Ritchie



Len Scrocco

**SHELL DEALER QUESTIONNAIRE**

**OPINION ON SELF SERVICE/DIVORCEMENT**

This questionnaire is only for the use of the Dealer Advisory Board for making the views and opinions of all Shell dealers known. Individual questionnaires will not be seen by, or discussed with Shell or anyone else. Giving your opinion here does not obligate or commit you to anything and you may submit another questionnaire if you change your opinion in the future.

Self Service would allow customers to pump their own gasoline and Dealers could decide how to operate their stations, totally Self Serve, Split Island (Partial Self Serve), or totally Full Serve (as we operate today). Based upon prior discussions in our State Legislature and from regulations and legislation of other states, it is likely some variations of the basic idea of Self Serve may be addressed and some things may be mandated by the State Legislature, while others may or may not be allowed. Variations such as requiring you to give handicapped and/or senior citizens Full or Mini Serve at Self Serve prices, allowing or not allowing Cardlocks and Cash Accepters (ie totally Automated Stations-without employees or attendants not allowing Total Self Serve (ie requiring Split Island), or others.

Retail Divorcement would prohibit those who drill or refine gasoline from operating retail gas stations. In the past, variations discussed by legislatures only controlled National Marketers and didn't regulate "small" Regional jobbers. It should also prevent anyone from becoming a "Super Jobber" operating a large number of stations and also prohibit anyone from being both a wholesaler and a retailer. Items that have been talked about in the past such as "Debranding" - the elimination of trademarks (Shell, Exxon, etc), and "Open Supply" - where a dealer could buy gas anywhere, regardless of the trademark they were operating under, Are Not part of Retail Divorcement.

**RESULTS of Questionnaire sent to all North Atlantic Dealers May 1987, 45% responded.**

	For	Against	Undecided
SELF SERVICE	<u>55 %</u>	<u>34 %</u>	<u>11 %</u>
RETAIL DIVORCEMENT	<u>89 %</u>	<u>4 %</u>	<u>7 %</u>
SELF SERVE <u>WITH</u> DIVORCEMENT	<u>65 %</u>	<u>25 %</u>	<u>10 %</u>
SELF SERVE <u>WITHOUT</u> DIVORCEMENT	<u>6 %</u>	<u>83 %</u>	<u>11 %</u>

Variations of Self Service or Divorcement that should or should not be allowed - \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Other comments - \_\_\_\_\_

If Self Service was passed -

What do you think your ratio of sales would be ? Self Serve 62 % Full Serve 38 %

What margin do you think you would have on ? Self Service 6 ¢ per gallon

Full Service 18 ¢ per gallon

both combined (total pool margin) 10 ¢ per gallon.

How much more than Self Serve would you charge for Full Service ? 12 ¢ per gallon.

How do you think Self Service would significantly change: (I=Increase D=Decrease N=No change U=Unsure) Comments

your labor costs ? No change 60% - Decrease 32% - Unsure 8%

ability to hire employees ? Decrease 40% - Increase 36% - Unsure 24%

ability to retain employees ? No change 41% - Increase 30% - Unsure 29%

customer service ? Decrease 48% - Increase 26% - No change 19% -

customer satisfaction ? Decrease 48% - Increase 30% - No change 15% -

gasoline volume ? Increase 41% - Decrease 22% - Unsure 22% - N

gasoline profits ? Increase 44% - Decrease 26% - Unsure 19% - N

repair volume & profits ? Unsure 48% - No change 30% - Increase 15% - D

"C" store volume & profits ? Unsure 84% - Increase 16%

the feasibility of 24 hours ? Unsure 59% - Increase 26% - Nochange 11% - D

number of independent stations ? Unsure 45% - Increase 33% - Decrease 22%

number of company operated stations ? Increase 56% - Unsure 44%

PRESENT STATION DATA

Station type: Conventional 49 Gas only 22 "C" store 4 Other 2

Years with Shell \_\_\_\_\_ Gallons per month 120,000 Average pool margin now 7.7 ¢ gal

(General range 80,000-180,000)

Your name \_\_\_\_\_

Station name \_\_\_\_\_ Are you open 24 hours now ? Yes 44% No 56%

Other stations you operate \_\_\_\_\_ ?

Address \_\_\_\_\_

Mail to: \_\_\_\_\_ Phone \_\_\_\_\_  
Dealer Advisory Board, c/o Dave Palamara, 195 1st Avenue, Atlantic Highlands, N.J. 07716

Good morning Chairman Graves, Chairman Stuhltrager; members of the Committee. My name is James Benton, Executive Director of the New Jersey Petroleum Council, a Division of the American Petroleum Institute, a trade association representing oil companies which do business in New Jersey. With me are Oliver Papps and John Holtz, Associate Directors of the Council. In addition to supplying service stations with petroleum products the industry, as you know, also has a major refining and research and development presence in the state.

There appear to be two basic concerns facing us on the issue of self-service marketing of gasoline which has been prohibited in New Jersey for 39 years. They are price: or how much will the consumer save if self-service is offered as a choice. And safety: Posed as a question -- Is the public in New Jersey and Oregon somehow less intelligent or more devil-may-care than residents of the 48 other states which do offer self-service -- most of them for many, many years?

Taking the second issue first as this is the primary legislative function -- protecting the public health, safety and welfare. We believe that national data, based on many years experience by national organizations, primarily the National Fire Prevention Association demonstrate clearly and unequivocally that raising safety as an area of serious concern, when comparing self-service with full-service, is a red herring designed to alarm people when, in fact, the evidence demonstrates quite the

opposite. Our member's testimony will not be in the anecdotal style of "I heard from someone just the other day who heard from someone that...", but with nationally compiled safety figures from sources outside the petroleum industry.

At this point I would like to read an excerpt from the 1951 New Jersey Supreme Court opinion which upheld the statute for reasons of safety.

Justice Heher in the AFFIRMING desision stated:

The statute under review is not sustainable if it is designed merely to outlaw trade practices, procedures and devices that would lower the price of gasoline to the consuming public for that would constitute restraint of trade and degradation of the general interest.

(Emphasis Added.)

Justice Wachenfeld wrote in the DISSENTING opinion:

The difficulty as I see it, however, is created in this case because the challenge of the statute in effect more than regulates the sale of a commodity; it completely prohibits the suggested method of dispensing it.

Public policy dictates the interest of the general public is not to be eclipsed or overshadowed by private

concern under any guise whatever it might be. The economic advantages and the benefits derived by the people should not be forfeited by the intrusion of the police power unless the record is clear and immutable as to the necessity for it. (Emphasis Added.)

On the question of price, nationwide figures show the savings in other states, including states adjacent to New Jersey which, if you deduct the greater taxes included in those prices, you can estimate what New Jersey's prices would be. Can we guarantee what the savings would be? No, the marketplace determines that and the price is ultimately set by the dealer, based on his competition's price which is the basic issue here -- competition -- it's what shapes any market and lowers prices.

I have attached some charts which would be of interest to the Committee. One showing the number of company stations operated by the major oil companies nationwide. One showing the preference by the public for self-serve nationwide. And finally, one showing motor fuel taxes in other states.

Thank you very much for the opportunity to comment on this issue before the Committees.

One phrase which is frequently and deliberately used is that "the major oil companies are trying to take over the market". Attached is a list from the 1987 NPN Factbook of six "major" oil companies marketing in New Jersey.

Beginning with Amoco which has some 12,000 branded outlets nationwide and only 102 salaried operations or company operated stations. The figures for the other five are similarly surprising.

We submit that if the "majors" are out to destroy their dealers networks, which they have built up for generations, they have a long way to go.

###

NATIONWIDE FIGURES \*

<u>Company</u>	<u>Total Branded Outlets</u>	<u>Company Operated Stations</u>
Amoco	12,337	102
Exxon	14,468	553
Mobil	12,619	550
Shell	11,133	318
Sun	5,662	47
Texaco	18,939	286

\* National Petroleum News  
1987 Fact Book

The attached list of motor fuel taxes shows the basic tax but does not show additional state taxes. Below are the motor fuel taxes of near by states.

	<u>Base Motor Fuel Tax</u>	<u>Additional State Taxes</u>	<u>Total</u>
Connecticut	19.0 cents	2.0 cents	21.0 cents
Delaware	16.0 cents		16.0 cents
Manhattan	8.0 cents	11.50 cents	19.50 cents
New Jersey	8.0 cents		8.0 cents
New York	8.0 cents	10.25 cents	18.25 cents
Pennsylvania	12.0 cents	6.0 cents	18.0 cents

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Self-Serve Motorist Gasoline Market Share by State (Percent)  
October 1987 Versus October 1986

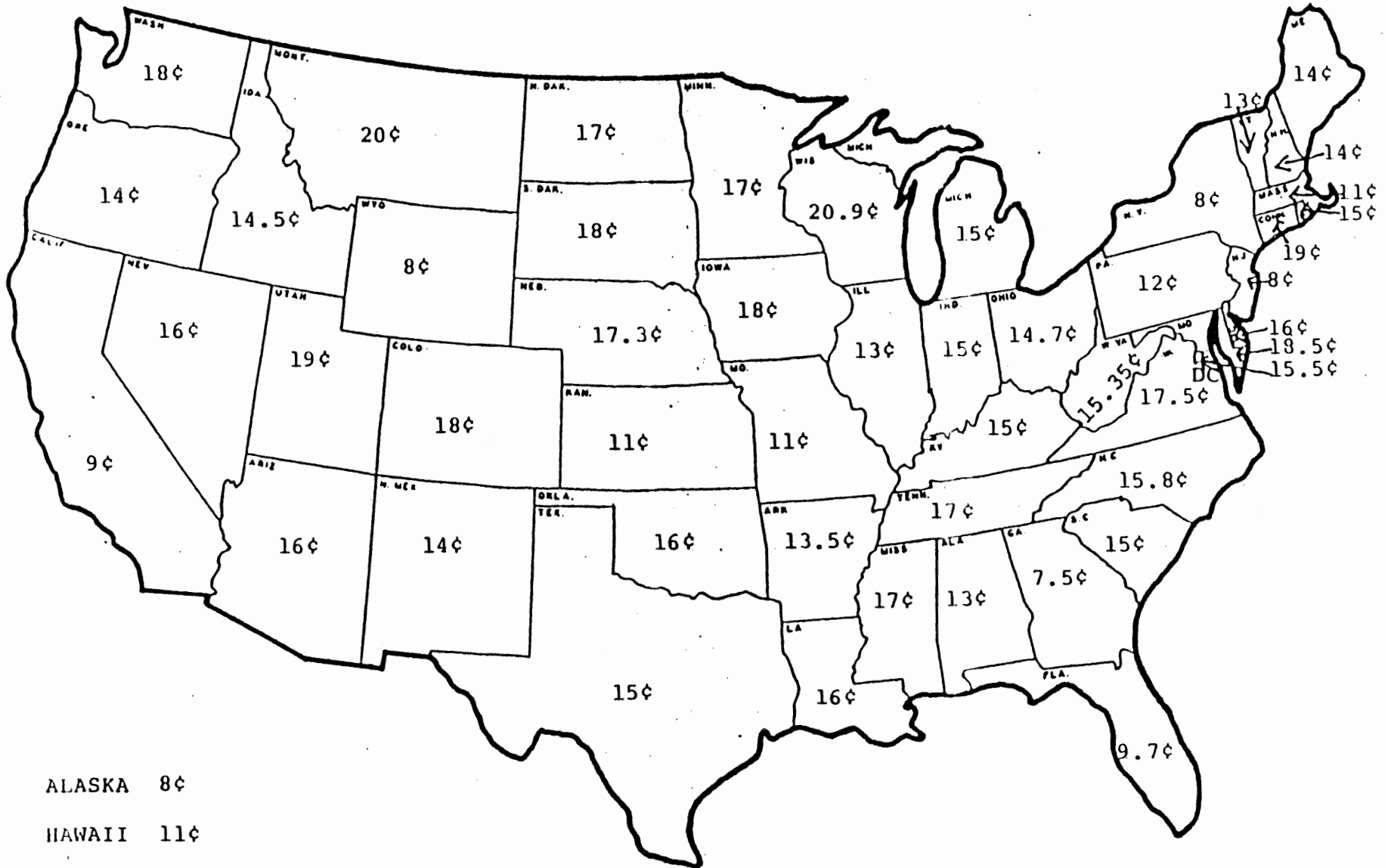
	<u>1986</u>	<u>1987</u>	<u>Chg.</u>		<u>1986</u>	<u>1987</u>	<u>Chg.</u>		<u>1986</u>	<u>1987</u>	<u>Chg.</u>
Alabama	80	82	+ 2	Louisiana	88	90	+ 2	Ohio	83	84	+
Arizona	90	92	+ 2	Maine	56	52	- 4	Oklahoma	85	86	+
Arkansas	83	82	- 1	Maryland	84	85	+ 1	Pennsylvania	64	64	N
California	89	90	+ 1	Massachusetts	50	50	NC	Rhode Island	66	66	N
Colorado	91	93	+ 2	Michigan	85	85	NC	South Carolina	87	88	+
Connecticut	69	69	NC	Minnesota	81	82	+ 1	South Dakota	80	80	N
Delaware	82	84	+ 2	Mississippi	82	82	NC	Tennessee	83	84	+
D.C.	80	85	+ 5	Missouri	82	83	+ 1	Texas	91	92	+
Florida	89	90	+ 1	Montana	89	90	+ 1	Utah	93	94	+
Georgia	85	87	+ 2	Nebraska	78	78	NC	Vermont	56	55	-
Idaho	89	87	- 2	Nevada	87	91	+ 4	Virginia	88	89	+
Illinois	87	88	+ 1	New Hampshire	65	64	- 1	Washington	90	92	+
Indiana	86	87	+ 1	New Mexico	87	91	+ 4	West Virginia	74	74	N
Iowa	83	83	NC	New York	56	57	+ 1	Wisconsin	89	89	N
Kansas	82	82	NC	North Carolina	85	87	+ 2	Wyoming	84	84	NC
Kentucky	78	77	- 1	North Dakota	76	80	+ 4				

\* To be published in the July 1987 NPN Factbook.

The attached list of motor fuel taxes shows the basic tax but does not show additional state taxes. Below are the motor fuel taxes of near by states.

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12X



TESTIMONY OF NASC NATIONAL DIRECTOR CURT CLINKSCALES BEFORE NEW  
JERSEY STATE ASSEMBLY/SENATE ON SELF SERVICE GASOLINE STATIONS:

Mr. Chairman, Distinguished Members of the Committee, ladies and gentlemen, I am Curt Clinkscapes, National Director of the National Alliance of Senior Citizens, Inc. (NASC) - an organization representing its more than 19,000 members in the State of New Jersey.

We are most interested in seeing the expansion of consumer options for New Jersey motorists which would allow for the operation of self-service stations within the state.

There are many advantages to amending the law to permit the operation of self service gasoline stations in New Jersey, and I shall seek to elaborate on them from the point of view of the senior consumer. I shall further seek to enumerate our single concern which we hope the legislation will reflect to correct any potential problem for the senior and handicapped consumer.

The older adult within the state is like almost any other average consumer. They wish to fuel their automobiles at the lowest possible cost with the least amount of delay. Regardless of their brand loyalty, this is an almost universal trait of the motorist.

In states where completely self service states are permitted to operate beside stations where there is a self-service island and a full service island or complete full service, prices are lower at the pumps of the completely self service operations.

There are areawide prices - not some national standard - so there is no way to say that the lowest price for fuel is going to be obtained for the consumer with completely self service stations operating, but there is every reason to believe that the lowest price in any community to be paid for fuel will be found consistently at the self service station.

It is equally true that self-service islands are dramatically lower in their pump prices from the full service islands which parallel them.

Thus it may be expected that the savings for the operator from

having additional personnel available for pumping fuel at the full service pumps would be reflected in still lower prices for the consumer at the completely self service stations.

In gasoline purchases, the best role of the state is to allow maximum options to the consumer. There is no question that some stations will convert to this type of operation, but others where customers are willing to pay the often extreme price differential in order to have the fuel pumped for them - as well as to enjoy other services which are normally associated with "service" at a station - will certainly maintain their full service pumps.

Many marketers have the additional motor services which mandate that they keep extra staff members on duty - whether for mechanical repairs or for inspection, tire or washing purposes. They are certain to provide full service stations.

Thus consumer choice will remain at the forefront of the gasoline station market, and will be enhanced by the addition of the complete self service station option.

Senior consumers want self service. They are often found at the self service pumps to save money on gasoline, even when they go to the stations where they are having service or the full service pumps are available.

Living on fixed incomes, they will use this available savings as one means of getting more for their money.

Because the older one grows, the less disposable income remains available, seniors are more likely to drive the older, less fuel efficient automobiles - making price savings all the more important to them.

While many seniors do avail themselves of the oil company and bank credit cards in their purchases, the same persons who elect to use the self service option will often use cash for purchases as a means of still lower prices for the fuel they require.

Clearly, it is in the best interest of the senior consumer to maximize the options for auto fuel buying in New Jersey.

It is NASC's official position that the more purchasing choices available to the consumer, the better he or she is served.

We have only one nagging worry in the fueling process, and that is the frail or handicapped person who honestly cannot efficiently pump his or her own fuel into the tank.

To meet the limited demand for fuel from such persons, we would hope that the legislation would specify that an operator would provide pumping services - yes, at the lower cost - for an individual whose physical condition would not reasonably permit them to fuel their own autos to be served during a certain number of hours per day.

This is especially true in areas of the state where consumer choice is limited by the number of stations in the community.

In fairness, however, it should be up to the operator to determine the hours during which such service is provided, but it would reasonably be the same each day of operation in order to assure the affected public could reliably expect the station to provide them with fuel during that time.

With the inclusion of provisions which make this specific exception, NASC fully endorses this change in the law.

We would add, however, that there is a tendency by some persons to abuse the pumping privilege for the frail and the handicapped. We would hope that the legislation would make the exceptions clear as to their purpose and their limitations because abusers cost other consumers money and harm the concept of protecting the genuinely frail for whom this provision is provided.

Thank you for allowing our views to be made a part of the record, and for permitting us the time to make the concerns of our membership available to you.



# Legislative Bulletin

106 W. State St.  
Trenton, N. J. 08608  
(609) 989-8730

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April 22, 1988

TO ALL MEMBERS OF THE LEGISLATURE:

RE: We oppose S.815 & S.2321  
A.813, A.1385 - each bill proposing  
self-service gasoline stations.

Delegates to our conventions and conferences have adopted resolutions in opposition to self-service gas. You take jobs from kids who are starting out in the world of work. You also deny us an opportunity for those same kids from getting a hands on introduction to automotive and machine repair.

Historically, the gasoline companies have unsuccessfully tried to institute self-service in New Jersey. They have failed because the proposition is wrong for New Jersey motorists for a multitude of reasons.

1 - Gas will be no cheaper at the pump for self-service. You need only go to any surrounding state New York, Pennsylvania, Delaware, Maryland, Ohio, Virginia, North and South Carolina to bear out that contention.

2 - If the gas isn't cheaper, then why are we subjecting the motoring public to the inconvenience of pumping their own gas. I'm sure the motorists don't look forward to climbing out of their cars in freezing or raining weather to walk over to the clerk at the island fortress to accept your cash or credit card and return to your car to pump the gas and return again to wash your smelly hands and pay your bill. Makes sense doesn't it?

3 - Of course you can go to the full service island and be "tended to" by an obliging station employe and pay as much as 1/3 more per gallon than the self serve.

4 - If you are instituting self-service to make those senior citizens who are unable to pump their own gas pay a premium price then we don't understand why self-service is an issue before the Legislature.

Self-service gas stations don't bring cheaper prices and time has proven that fact of life. It's wrong and unfair to too many people in New Jersey.

April 22, 1988

We ask your consideration of voting no on A.813 and S.815 as well as S.2321 and A.1385.

Very truly yours,

*Charles Marcantoni*

CHM:mr  
opeiu-20  
afl-cio

Testimony of

FRANCIS A. FORST  
Business Manager

Local 194, IFPTE, AFL-CIO

before the

State of New Jersey

Joint Senate & Assembly Committees

LAW, PUBLIC SAFETY, AND DEFENSE

concerning

SENATE BILL NO. 815

(No-Service Gasoline Stations)

April 22, 1988

First let me express my appreciation for this opportunity to appear before your Committees. My name is Frank Forst and I am the Business Manager of Local 194, International Federation of Professional & Technical Engineers, AFL-CIO. I am a 20 year + resident of Jamesburg, Middlesex County, New Jersey.

I am here to oppose Senate Bill No. 815 and all such bills which would end the services provided at gasoline stations. As a consumer group, the New Jersey State AFL-CIO has also consistently taken a position in opposition to "No-Service" stations. We have testified at Hearings such as these over many, many years and are at a loss to understand why this issue continues to rear its ugly head.

It should be obvious that there is no public outcry to end Service Stations in New Jersey. There are no massive letter campaigns (except as might be promulgated by the Petroleum industry and the Petroleum Institute). There are no pickets, no demonstrations, and no vast media Editorial views supporting this effort to deny expected service from retail gasoline dispensers. In fact, the association of Retail Gasoline dispensers wants to continue to provide the services.

What about SAFETY? A couple of years ago, I was in the Los Angeles area and took the attached two pictures. The one carries a WARNING - IT IS UNLAWFUL AND DANGEROUS TO DISPENSE GASOLINE INTO UNAPPROVED CONTAINERS - NO SMOKING - STOP MOTOR. By Order of State Fire Marshal. Who is going to insure the SAFETY? I walked into the station building with my cigar, advance-paid for gas, walked out to pump the gas (all with my motor running) and no one said a word to me! Of course, I turned the motor off and put the cigar into my ashtray. But who was assuring the safety?

The other picture shows the price of Self-Cash and Self-Credit (\$1.189 and \$1.299, respectively). It is substantially higher than service-attended gasoline in New Jersey. I am almost afraid to say it because we all know the oil companies Seven Sisters have the power to change that in a minute. In fact, I have little doubt they would do it as they have in the past, except for the oil glut.

SAFETY is more than just trained dispensers of gasoline. My wife keeps her car doors locked and does not open the window until an attendant appears. She feels safe. This bill would require her to open the car, travel with money from the pumps to the "cashier" (usually inside a building), and return to pump the gas. WHAT ABOUT POTENTIAL MUGGERS? Why would you insist on exposing my wife and young daughters to muggers? Or rapists? Or purse-snatchers?

We have already read and heard of reports by violent people against attendants. That may be a risk of their jobs in today's society. But why would you expose everyone to the same risks and dangers? A lurking mugger may be known in the neighborhood and even recognized by an attendant. The motoring public travelling in an area, may not.

A man gets up for work, washes, shaves, puts on his after shave and/or cologne, and drives off. A woman gets up for work, washes, puts on her make-up, perfume and/or cologne, and drives off. They stop for gas at a NO SERVICE STATION. If it's raining, or windy, their hair becomes undone. They get to work looking a sight and smelling of gasoline. Why? Why? WHY?

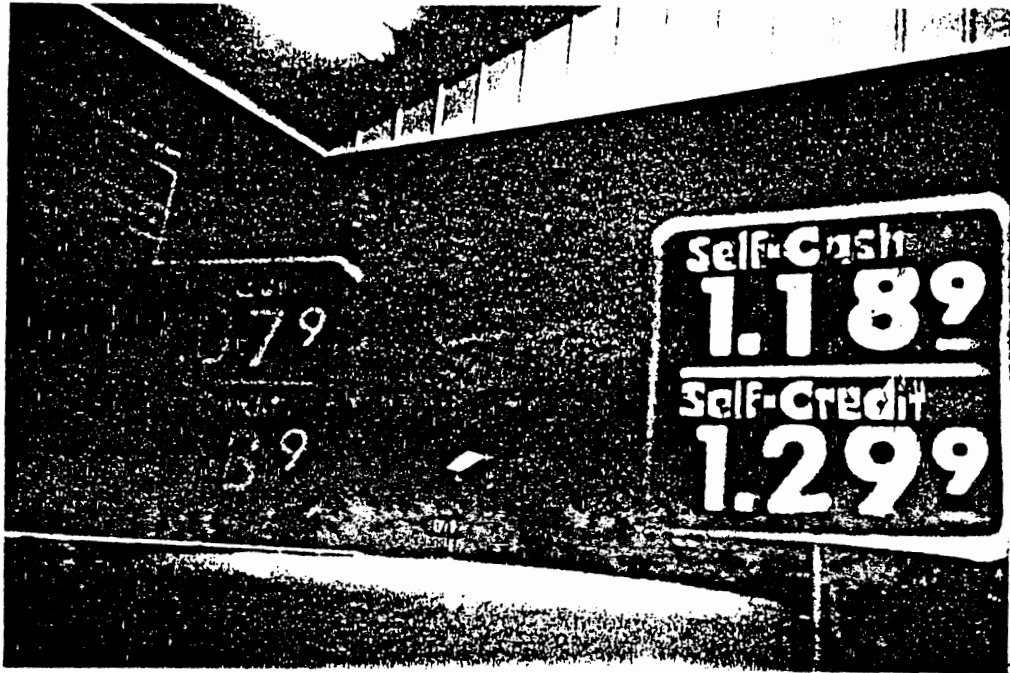
Or they're home from work, getting dressed to go out to dinner or some other function, dressed to kill and really "smellin' good!" They stop for gas on their way out at a NO SERVICE STATION and, in a couple of minutes, they stink! Why? My secretary, who is proud of her appearance at all times, said to be sure to tell you this whole idea is "Outrageous!" She says, "Who are they kidding when they say we'll save money?" When was the last time the big oil companies' goal was to save us money? They gouged us during the oil crises while their profits soared!

I took a recreational vehicle to California and back several years ago. I had to gas up in Donner Pass with the wind and snow blowing so cold that I couldn't hold the nozzle of the pump. Yet NO SERVICE STATIONS traditionally remove the automatic pumps on their nozzles. It stuck to my hand. We had to get water out of the vehicle and pour it quickly to separate the skin from the nozzle. Fortunately, the water didn't freeze or I don't know what we'd have done.

Why? Why? WHY? Should a motorist get out of a temperature-controlled vehicle into the heat of the Summer or cold of the Winter; put a jacket on or take it off; stink, stink, stink? Doesn't it all involve health and safety? And comfort? Is the answer: "Millions of people do it everywhere else, why not here?" Why not? Because New Jersey CARES. Our politicians are not easily bought or falsely persuaded by the Oil Companies...at least until now.

Lastly, there are the jobs. Estimates are about 30,000 in New Jersey. All entry-level, learning jobs. I believe it would be fair to say that at least half of our auto mechanics, today, started out tinkering in a gas station. School dropouts pulling on their bootstraps. Out-of-work wage-earners looking for a new start. Fathers trying to make a few extra bucks when their regular employment doesn't pay enough. But, mostly, young people. Young people looking for an opportunity. And maybe someday owning their own stations. Maybe being a racing car mechanic. Hope...chance...a future.

Sure, there's pressure. There's pressure every year. Assemblyman Otlowski once said he introduced the bill because he believed a company in his Perth Amboy area needed it to stay in business. The company is still there. There's pressure from the Petroleum Institute. Every year. Last year, this year, and they'll be back next year. And some station owners and chain owners want bigger profits at the consumer's expense. As one of the last bastions of service, New Jersey is a target. I urge you don't succumb!



APRIL 17, 1988

# EDITORIALS

## Self-Service

Even if safety is not a legitimate concern in the matter of self-service gasoline, and we believe it is, there is no valid reason for New Jersey to abandon its prohibition of that type of service.

The gasoline dealers have gone to the courts to try to have the legislatively imposed ban on self-service overturned.

Judge Martin Haines should decide that the decision is properly a legislative rather than a judicial one.



HAINES

It was the Legislature which originally banned self-service and the law was upheld by the state Supreme Court. Times have changed, though, and the chain gas station operators feel that those changing times support a case for overturning the law.

They go so far, in fact, as to contend that self-service stations are safer than those where service is provided

by attendants. That sounds like rather specious reasoning, and so is the evidence produced to support that position.

But as we said, safety is not the only concern, even if it is a big one. True, an attendant might be just as likely to drop a cigarette on spilled gas as a patron serving himself. But we prefer the odds you get with an experienced attendant.

No less important is the impact that self-service gasoline would have on the many unskilled workers in this state who earn a living pumping gas. Where will they find comparable job opportunities in a state where unemployment has just gone up?

And while it is true many stations these days offer little in way of services, the attendants at least can be helpful to motorists who know nothing about the workings of their auto.

Finally, as far as any savings go, we suspect that is illusory. Compare, for example, the price of gasoline today in New Jersey with the price in states which have self-service. New Jersey is invariably less expensive. This is one change that is unnecessary.

STATEMENT OF ANDREW J. D'AMICO TO NEW JERSEY SENATE LAW, PUBLIC  
SAFETY AND DEFENSE COMMITTEE AND ASSEMBLY LAW, PUBLIC SAFETY AND  
CORRECTIONS COMMITTEE

APRIL 22, 1988

MY NAME IS ANDREW D'AMICO AND I AM VICE PRESIDENT OF GASOLINE  
STATION OPERATIONS FOR AMERADA HESS CORPORATION. OUR OFFICES ARE  
LOCATED IN WOODBRIDGE, NEW JERSEY.

I WANT TO THANK THE SENATE AND ASSEMBLY COMMITTEES FOR HOLDING  
THIS HEARING AND FOR ALLOWING US THE OPPORTUNITY TO EXPRESS OUR VIEWS ON  
THE ISSUE OF SELF-SERVICE.

WE AT HESS ARE IN FAVOR OF FREEDOM OF CHOICE FOR NEW JERSEY  
MOTORISTS. THE PASSAGE OF A BILL ALLOWING SELF-SERVICE WILL GIVE NEW  
JERSEY CONSUMERS THAT CHOICE. IN EVERY OTHER STATE IN WHICH WE OPERATE  
THE CONSUMER HAS AN OPTION OF FULL-SERVICE OR SELF-SERVICE. GIVING  
CONSUMERS THE RIGHT TO SELF-SERVICE DOES NOT MEAN THAT FULL-SERVICE WILL  
BE UNAVAILABLE TO CUSTOMERS WHO WANT IT. IN FACT, I CAN ABSOLUTELY  
STATE THAT NOT ALL OF OUR NEW JERSEY STATIONS WILL BE CONVERTED TO  
SELF-SERVICE, ONLY THOSE WHERE IT APPEARS THAT SELF-SERVICE IS WHAT THE  
CUSTOMER WANTS. IN NEW YORK, FOR EXAMPLE, 31% OF OUR STATIONS ARE  
OPERATED SOLELY AS FULL-SERVICE. THE BALANCE ARE OPERATED EITHER AS  
SPLIT-ISLAND OR SELF-SERVICE. OUR OBJECTIVE IS TO PROVIDE THE CUSTOMER  
WITH WHAT THEY WANT. AT EACH STATION, IT IS THE CONSUMER WHO DICTATES  
HOW WE OPERATE. WE WOULD NOT EXPECT NEW JERSEY TO BE ANY DIFFERENT.

SELF-SERVICE MEANS BETTER, MORE ECONOMICAL AND SAFER SERVICE.  
HOW? IN SEVERAL WAYS.

FIRST, THERE ARE MORE DISPENSERS THAN ATTENDANTS AT GASOLINE STATIONS. SINCE EACH MOTORIST OPERATES HIS OWN DISPENSER WITH SELF-SERVICE, MORE DISPENSERS CAN BE USED AT ONE TIME.

SECOND, SELF-SERVICE MEANS THAT GASOLINE DISPENSING IS WATCHED MORE CLOSELY. AT A FULL-SERVICE STATION WHEN AN ATTENDANT PUTS THE NOZZLE INTO THE CAR, HE ENGAGES THE HOLD-OPEN DEVICE AND GOES TO SERVICE ANOTHER CAR. WITH SELF-SERVICE, THERE IS NO HOLD-OPEN DEVICE ON THE NOZZLE. THE PERSON DISPENSING THE GASOLINE INTO THE CAR MUST STAY WITH THE NOZZLE DURING THE ENTIRE TIME THE GASOLINE IS FLOWING. THIS REDUCES THE POSSIBILITY OF INADVERTENT SPILLS. AS A MEASURE OF THE CARE WHICH CUSTOMERS USE IN DISPENSING FUEL, WE HAVE FOUND SELF-SERVICE TO BE AS SAFE OR SAFER THAN FULL-SERVICE.

THIRD, PEOPLE WHO WANT TO SERVE THEMSELVES WILL NO LONGER HAVE TO SUBSIDIZE THOSE WHO WANT FULL-SERVICE AS IS NOW THE CASE. CURRENTLY, MOTORISTS WHO WOULD PREFER SELF-SERVICE MUST ACCEPT FULL-SERVICE AND PAY FULL-SERVICE PRICES. SINCE FULL-SERVICE COSTS MORE THAN SELF-SERVICE, THESE PEOPLE ARE REQUIRED TO PAY FOR SOMETHING THEY DO NOT WANT.

FOURTH, HOURS OF OPERATION AT OUR STATIONS COULD BE IMPROVED DUE TO A LESSENING OF STAFFING AND SECURITY PROBLEMS.

NEXT, SECURITY WOULD BE SIGNIFICANTLY IMPROVED, ESPECIALLY DURING NIGHTTIME HOURS. KIOSKS IN WHICH THE ATTENDANT IS ENCLOSED WILL HAVE BULLETPROOF GLASS AT HESS STATIONS, THEREBY PROTECTING THE ATTENDANT. THERE WILL BE FEWER ROBBERIES AND FEWER TRAGIC INCIDENTS WHERE ATTENDANTS ARE INJURED OR KILLED.

CAPITAL INVESTMENT IN NEW JERSEY WILL INCREASE AS STATIONS INSTALL CANOPIES OR REBUILD ENTIRELY. STATIONS WHICH ARE REBUILT WILL HAVE A NEATER, MORE MODERN APPEARANCE.

AS MANY OF YOU KNOW, NEW JERSEY HAS A SEVERE LABOR SHORTAGE, PARTICULARLY IN THE SERVICE AREA WHICH DRAWS ON A DECLINING POOL OF YOUNGER WORKERS. IN SUBURBAN AREAS WHERE UNEMPLOYMENT RATES HAVE FALLEN AS LOW AS 2.5%, PEOPLE ARE NO LONGER CHASING JOBS -- JOBS ARE CHASING PEOPLE. AT HESS, THIS COMPETITION FOR WORKERS HAS LEFT US WITH ONLY 65% OF THE FULL MANPOWER TO OPERATE OUR NEW JERSEY STATIONS. THIS IS IN SPITE OF AN UNPRECEDENTED LEVEL OF EFFORT TO RECRUIT WORKERS. HESS HAS USED BOTH CONVENTIONAL AND UNUSUAL MEANS TO REACH THE SHRINKING POOL OF WORKERS. FOR INSTANCE:

THE SCOPE OF OUR RECRUITING EFFORTS HAS BEEN EXTENDED TO INCLUDE CHURCH, CIVIC, SENIOR CITIZEN AND VETERAN ORGANIZATIONS, AS WELL AS PARTICIPATION IN JOB FAIRS AT SHOPPING MALLS.

ADDITIONALLY, WE INSTITUTED A BUSING PROGRAM TO BRING EMPLOYEES INTO AREAS WHERE RECRUITING EFFORTS FAILED TO PROVIDE US WITH EVEN A MINIMAL WORKFORCE.

25X

VIRTUALLY ALL OF OUR NEW JERSEY STATIONS CONTINUALLY POST "HELP WANTED" SIGNS OR SIGNS ADVERTISING "NEW HOURLY RATES."

WE ROUTINELY ADVERTISE FOR HELP IN NEWSPAPERS ALL OVER THE STATE.

WE ARE IN REGULAR CONTACT WITH HIGH SCHOOL GUIDANCE COUNSELORS AND THE NEW JERSEY JOB SERVICE.

WE HAVE RECENTLY CREATED A FULL-TIME RECRUITER POSITION JUST FOR GASOLINE STATIONS IN THE NEW JERSEY/NEW YORK METROPOLITAN AREA.

WE SEND OUT TRAINING VANS TO RECRUIT AT HIGH SCHOOLS, COMMUNITY AND FOUR-YEAR COLLEGES.

EACH OF OUR FIELD REPRESENTATIVES SPENDS AT LEAST ONE DAY A WEEK RECRUITING ATTENDANTS AND SHIFT LEADERS.

WE HAVE SUBSTANTIALLY INCREASED OUR HOURLY RATES.

OUR RECRUITING EFFORTS, HOURLY RATE INCREASES AND OTHER MEASURES, INCLUDING BETTER BENEFITS, HAVE RESULTED IN SOME IMPROVEMENT, BUT NOT NEARLY ENOUGH. THESE EFFORTS HAVE NOT MET HESS'S MINIMUM STAFFING NEEDS. INSTEAD, HESS IS RUNNING FASTER TO REMAIN AT THE SAME 65%.

THIS SITUATION IS A SERIOUS PROBLEM NOT ONLY FOR HESS, BUT FOR ITS CUSTOMERS AND EMPLOYEES. FOR CUSTOMERS, IT MEANS THEY MUST WAIT TO BE SERVED SINCE THERE ARE NOT ENOUGH ATTENDANTS TO SERVE THEM, ESPECIALLY DURING DAYLIGHT HOURS WHEN MANY OF THE PEOPLE WHO STAFF OUR STATIONS ARE IN SCHOOL. FOR OUR EMPLOYEES IT CAN MEAN LONG HOURS WITHOUT SUFFICIENT CO-WORKERS TO ASSIST IN PERFORMING THE MANY TASKS IT TAKES TO GIVE HESS CUSTOMERS THE FINE SERVICE AND CLEAN STATIONS THEY DESERVE. ONE RESULT IS THAT OUR STATION EMPLOYEE TURNOVER IS BETWEEN 300% AND 400% PER YEAR IN NEW JERSEY, WHILE IN THE SOUTH WHERE LABOR IS MORE READILY AVAILABLE, THE TURNOVER IS ONLY 100% PER YEAR.

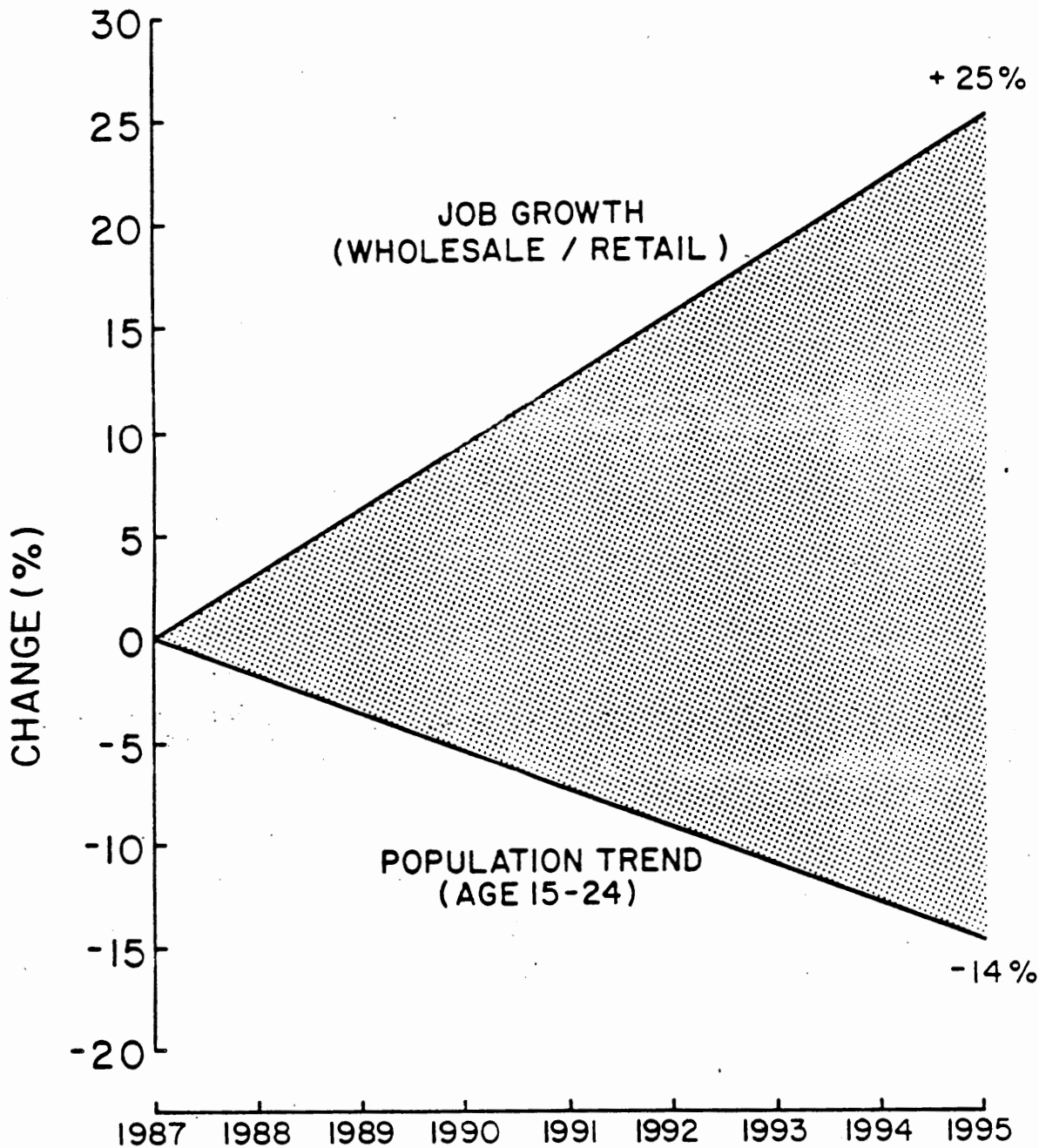
ACCORDING TO THE NEW JERSEY DEPARTMENT OF LABOR, THE SITUATION WILL GET WORSE. THEY ARE FORECASTING A 25% GROWTH IN JOBS IN THE RETAIL MARKET THROUGH 1995. ON THE OTHER HAND, THEY BELIEVE THERE WILL BE A 14-1/2% REDUCTION IN THE NUMBER OF YOUTHS ENTERING THE JOB MARKET THROUGH THE YEAR 1995. A RECENT REPORT ISSUED BY THE PORT AUTHORITY CONFIRMS THE DEPARTMENT OF LABOR'S CONCLUSIONS AND ADDS THAT THE ECONOMIC GROWTH IN THE NEW YORK METROPOLITAN REGION COULD BE STOPPED OR SLOWED BY THE LABOR SHORTAGE. WE HAVE PROVIDED THE COMMITTEE MEMBERS WITH COPIES OF NEWSPAPER ARTICLES ON THE LABOR CRISIS AS WELL AS OTHER IMPORTANT INFORMATION.

BECAUSE HESS IS OPERATING WITH ONLY 65% OF ITS FULL COMPLEMENT, WE DO NOT BELIEVE THAT SELF-SERVICE WILL RESULT IN A LOSS OF JOBS IN THE STATE OF NEW JERSEY.

IN SUMMARY, WE BELIEVE THAT THE SELF-SERVICE EXPERIENCE IN OTHER STATES HAS BEEN A POSITIVE ONE. PARTICULARLY IN LIGHT OF NEW JERSEY'S GROWING LABOR SHORTAGE, SELF-SERVICE SHOULD BE A POSITIVE EXPERIENCE FOR NEW JERSEY'S CONSUMERS, WORKERS AND EMPLOYERS AS WELL.

THANK YOU FOR YOUR ATTENTION.

# STATE OF NEW JERSEY EMPLOYMENT FORECAST (1987-1995)



	1987	1995	% CHANGE
JOB GROWTH	840,200	1,050,000	+ 25 %
POPULATION TREND	1,200,000	1,025,000	-14 %

Source: State of New Jersey, Department of Labor  
 Division of Planning and Research  
 Office of Demographic and Economic Analysis

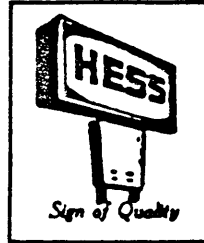
# AMERADA HESS CORPORATION

HESS PLAZA • WOODBRIDGE, NEW JERSEY • (201) 750-6000



Amerada Hess, one of the country's largest corporations, is a leader in the petroleum industry. A successful refiner and marketer, Hess Oil began in 1933 with a single delivery truck.

Through the hard work and dedication and rapid growth. By 1969, the company operated pipelines, fleets of barges, ships and trucks. A merger that same year of Hess Oil and Petroleum Corporation expanded the production and created Amerada Hess fuels, heating oil, gasoline and other products principally in the United States.



of its employees, the company experienced and operated three refineries, dozens of terminals, and hundreds of retail gasoline outlets. A Chemical Corporation with Amerada company's activities to include exploration Corporation. Our refineries produce residual petroleum products which are marketed

Quality is our trademark at Amerada Hess Corporation — both in products and people. We are proud of the employees who help us deliver the CUSTOMER SERVICE that has made us outstanding in the industry.

## ▽ JOB OPPORTUNITIES ▽

Our Marketing and Retail Operations, headquartered in Woodbridge, New Jersey, offer excellent positions in Gasoline Stations and Convenience Stores throughout the Eastern United States.

Your assignment at Amerada Hess will provide an opportunity for you to learn about the company while improving your skills and knowledge level. Our personnel policies are designed to provide equal opportunity to employees and applicants without regard to race, color, religion, sex, national origin, age, handicap or status as a Vietnam era veteran. Our internal promotion and transfer program provides possible advancement opportunities for superior performance, and our merit increase program is based on "pay or performance".



We have recurring needs for individuals in the following jobs:

 ATTENDANTS  
 CASHIERS  
 SHIFT LEADERS

 ASSISTANT MANAGERS  
 CONVENIENCE STORE MANAGERS  
 GAS STATION MANAGERS

## ▽ BENEFITS ▽

We offer competitive salaries, convenient locations, the possibility of advancement, and a well-rounded benefits package for full-time employees.

- Medical Insurance Plan
- Sickness and Injury Plan
- Long Term Disability Insurance Plan
- Life Insurance Plan
- Family Accident Insurance Plan
- Educational Assistance
- Employees' Pension Plan
- Employees' Savings & Stock Bonus Plan
- Vacation & Holidays
- Travel Accident Insurance
- Dental Coverage — Managers & Assistant Managers



FOR MORE INFORMATION CONTACT YOUR LOCAL HESS STATION  
OR TELEPHONE TIM DUNNE-PORTER AT (609) 426-1247



## Labor Shortage Is Seen

In discussing regional market trends, Samuel M. Ehrenhalt, regional commissioner of the United States Bureau of Labor Statistics, said: "I don't like to hear people in Westchester talking about growth problems. The problems of growth are easier to deal with than the problems of decline. I know many other communities that would love to change places with Westchester."

However Mr. Ehrenhalt warned of a labor shortage in the county lasting until the mid-90's. "Unfortunately you can't create an 18-year-old worker overnight," he said. "It still takes 18 years. What we're facing now is the decline in the birth rate 18 years ago. And every year now until the mid-90's there will be 200,000 fewer workers than there were the year before. This is the era of the middle age." The unemployment rate for Westchester in the first seven months of 1987 is 3.2 percent, with the national average 6.6 percent. The Westchester figure reflects the tight labor supply in the county.

Other labor trends mentioned by Mr. Ehrenhalt involved the large supply of workers now in their 30's and 40's who are beginning to feel the competition for promotion to better jobs, the growth of women in the work force, and the increase of minority workers who will account for more than half of all young workers in the next decade.

Rosemary Scanlon, chief economist for the Port Authority of New York

and New Jersey, reported on a new study showing how local companies were reacting to the growing labor shortage in the New York City area.

"In the decades from 1970 to 1980, the under-15 population declined by 25 percent. One in every fourth chair was empty," Ms. Scanlon said. "The shortages first appear in entry-level jobs, those traditionally held by teenagers." With fewer workers available, companies will have to become more inventive, Ms. Scanlon said.

"Companies will have to do more imaginative planning," she said, adding that, for example, they might encourage reverse commuting, such as moving workers from the Bronx into Westchester, already being done successfully by some fast-food companies. Other companies are reaching out to the pool of retirees to fill jobs," she said, adding:

"Companies are also making changes in long-term personnel. Jobs are being restructured. Office automation, for instance, means that fewer secretaries will be required in the future and since secretaries are already scarce that will be helpful."

She cited the scarcity of housing in the county as a critical factor already contributing to the growing labor shortage. "We may have to generate a new labor force based on immigration in the New York area, using young people from other countries as guest workers," she said. ■

PENNY SINGER

Submitted by: 4/17/00

# EDUCATIONAL ASSISTANCE \*

FOR FULL-TIME HOURLY  
GASOLINE STATION  
PERSONNEL



- 9 CREDIT HOURS PER SEMESTER
- 75% REIMBURSEMENT OF THE COST OF SUCCESSFULLY COMPLETED COURSES
- MAXIMUM REIMBURSEMENT OF \$2,000.00 PER YEAR
- CHARGES FOR TUITION, REGISTRATION AND LAB FEES WILL BE REIMBURSED

*Stop In And See Your Local Hess Station Manager  
For Details!*

\*Plan subject to change at the discretion of the Company  
at any time without prior notice.

SUNDAY, OCTOBER 12, 1986

# State Is Faring Well

LITTLE JOBLESSNESS DESPITE DECLINE IN MANUFACTURING By Robert Hanley

**N**EW JERSEY'S vast transformation from blue-collar manufacturing to the white-collar services, under way since the end of World War II, is now cemented in place. For the fifth straight year, unemployment is running below the national average. In August, the state's Labor Department reports, the rate was 4.7 percent, compared with the nation's 7 percent. For the year, the state's figure has averaged about 5.5 percent.

"Despite continuing difficulties in manufacturing over all, our economy in many other regards is extremely strong," said Arthur O'Neal, director of the Labor Department's Division of Planning and Research. "The service sectors generally reach new highs month after month. Construction employment is at record levels. And building permits remain strong."

In the coming months, the rapid pace of job growth of the last year or two is expected to slow, but no major reversals are foreseen. "We'll continue to see modest gains in total employment," said Dr. Joseph J. Seneca, chairman of the state's Economic Policy Council. "No recession, no boom, just steady but

very modest growth into 1987."

The new tax legislation will be beneficial overall, Dr. Seneca said. "Disposable income will go up significantly," he predicted, "and there'll be more spending statewide." Commercial real estate may suffer, he said, because of tightening of tax shelters for partnerships, and stretched-out depreciation schedules may curtail badly needed investment in new plant and equipment in manufacturing.

Since 1974, manufacturing's share of New Jersey's jobs has fallen from about a half to a quarter of the total. The decline is expected to persist, Mr. O'Neal said. Even the state's chemical industry, once strong, has started to slump, primarily because of the nation's persistent trade deficit.

Jobs in chemical manufacturing have fallen from about 130,000 to 112,000 since 1974, Mr. O'Neal said. The few remaining bright spots in the manufacturing sector, according to Dr. Seneca, include commercial printing and publishing and production of medical and scientific instruments and measuring devices.

From 1975 to 1985, jobs in New Jersey increased from nearly 27 million to

about 34 million, according to the Labor Department. Nearly all the growth came in white-collar service industries, which include law, finance, education, health care, retailing, business computers, engineering, sales, and clerical staff for all these segments.

By 1995, labor analysts say, New Jersey will add 686,000 more jobs, nearly two-thirds of them white-collar. The remainder, they say, will be split between blue-collar workers and a job category that includes police and firemen, janitors, cooks and waitresses and clerks.

One possible impediment to this long-range projection is the steadily increasing cost of housing, particularly in the northern half of the state.

In the meantime, there is a shortage of workers in low-paying, unskilled jobs in service stations, fast food restaurants and department stores. Job openings at these levels are starting to outstrip the available pool of workers.

"The number of young people has been declining," Mr. O'Neal said. "Young people face a good labor market compared to 10 to 15 years ago, both because employment opportunities are greater and fewer kids are competing for jobs."

Submitted by [unclear] (1988)

Increasingly, Retirees Are Filling Minimum Wage Jobs

# Golden Years Spent Under Golden Arches

By JENNIFER A. KINGSON

**T**HE television commercial is poignant: An elderly man anxiously arrives for his first day of work at a McDonald's restaurant, spreads a pleasant afternoon serving customers and mingling with his teenage colleagues, and returns home with a beaming smile. "I don't know how they ever got along without me," he tells his wife.

The "New Kid" commercial at McDonald's is not reserved just to sell hamburgers but also as a recruiting tool. The fast-food chain is one of many businesses trying to cope with labor shortages by filling their staffs with older workers.

As demographers predict a rapid decline in the number of teenagers, recent retirees are finding themselves in demand. Many businesses that have traditionally relied on younger workers to take minimum wage jobs have noticed applications ebbing. Census Bureau figures predict by the year 2000 a 12 percent jump in the number of Americans over 55 and a 12 percent decline in the number of those 18 to 24 years old. As a result, some companies have started to woo senior citizens so aggressively that they are approaching them in shopping malls with job applications.

The United States Labor Department has estimated that by 1995 companies that specialize in food service and lodging will be short over one million workers. Giving these mostly low-paying positions to senior citizens is seen as exploitation to some advocates for the elderly.

but others see the jobs as a welcome opportunity for people who find retired life penurious or dull. Most older employees choose to work part-time. Workers younger than 65 forfeit \$1 of Social Security for every \$2 earned over \$6,000, for older people lesser restrictions apply.

Since 1986, McDonald's has offered a program called "McMasters" that caters to workers over 55. "We can't live without them," said Peter Samaha, who owns a McDonald's in Yorkers and employs a growing number of elderly people. They add a mature factor to the business and provide a role model for the younger kids. They're very loyal and they never call in sick.

Phil Mancuso, 69 years old, a former greengrocer, has been working at a McDonald's in Brooklyn for three years. "I'm well respected here and well liked," he said. Mr. Mancuso, who makes french fries and buses tables, said he decided to return to work after a brief retirement because "staying around home, I got tired of television and walking around." Now he sets his own work hours and attends staff basketball games, although he has declined offers to play.

Economists say that greater prosperity has prompted more people to retire early, only to find that they are bored. According to a study by the American Association of Retired Persons, most men who return to work do so because they are tired of the leisure life. Finding a circle of friends and making money are secondary reasons. Since fewer women have pensions and large savings, financial considerations often take precedence in their decision to rejoin the labor force.

While the number of retirees who choose to spend

their golden years under McDonald's arches is growing, the trend toward hiring older workers did not begin with the fast food industry. In the early 1980's, a number of companies started offering "unretirement" programs for their middle-income and management-level employees. When a survey by The Travelers Companies, the Connecticut-based insurance and financial services corporation, found that many of its retirees would like to return, the company created a job bank. Retired employees — some well into their 60's — filled for about 100 jobs part-time. The program has been copied, with wide variation, at hundreds of businesses including banks, high technology firms and manufacturing companies.

### Fears of Exploitation

While companies benefit from having a flexible pool of trained workers to draw on, some economists worry that the programs invite abuse. Employers, they say, might count on older workers to accept lower salaries and fewer benefits and to take dead-end jobs. The elderly are often viewed as casual workers by their companies and are the first to be dismissed.

"The real concern is that older workers are being used as a labor force which is brought in in times of peak need and discharged in times of slack," said Olivia S. Mitchell, associate professor of labor economics at Cornell University.

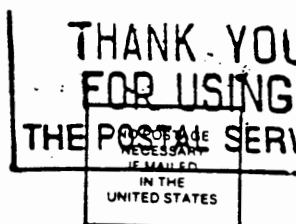
"Some older people find jobs at McDonald's rewarding," said Robert I. Pulster, director of a Massachusetts program that matches retirees with jobs. But he added, "I think we can do better in the jobs we can offer them."



Irving Dobrin, a 72 year old retired businessman, now working part time at a McDonald's restaurant in Boca Raton, FL.

STATION STAMP HERE

HESS STATION #10259  
1106 CHAMBERS ST.  
HAMILTON TOWNSHIP  
TRENTON, NJ 08610



**BUSINESS REPLY MAIL**  
FIRST CLASS PERMIT NO. 142 WOODBRIDGE, N. J.

- POSTAGE WILL BE PAID BY -

AMERADA HESS CORPORATION  
1 HESS PLAZA  
WOODBRIDGE, N. J. 07095-9987

CUSTOMER RELATIONS  
1988 APR 11 P 4: 19



ATTN: CUSTOMER RELATIONS DEPT.



**QUESTIONNAIRE:**

- |  | YES                                 | NO                                  |
|--|-------------------------------------|-------------------------------------|
| 1. Did you find our entire station clean and bright? | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| 2. Did you receive fast service? - <i>poor</i>       | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| 3. Was attendant in clean uniform?                   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| 4. Were you treated courteously?                     | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| 5. Did attendant extend a friendly greeting?         | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| 6. Did attendant clean windshield and rear window?   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| 7. Did attendant offer to check motor oil?           | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| 8. Did attendant thank you for your patronage?       | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |

VISIT DATE 4/4/88 TIME 7:30  AM  PM

ATTENDANT NAME OR DESCRIPTION  
WOMAN (STOCKY BUILD)

If there is anything that you feel could be handled in a better way, we'd appreciate you jotting down your ideas for us . . . because your ideas will help us to serve you better.

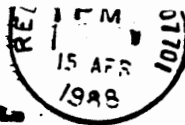
COMMENTS: *Don't pump your own gas. With 4 cars at the pumps on a Monday morning and 1 attendant took almost 15 mins.*

CUSTOMER: RICH DMACHOWSKI  
(PLEASE PRINT)  
ADDRESS: 866 ROEBLING AVE  
CITY: TRENTON STATE: NJ ZIP: 08611  
PHONE: (609) 989-9022  
609

35X

STATION STAMP HERE

HESS STATION #30306  
ROUTE #36  
EATONTOWN, NJ 07724

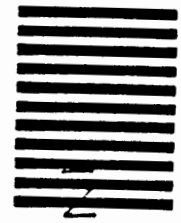


**BUSINESS REPLY MAIL**  
FIRST CLASS PERMIT NO. 142 WOODBRIDGE, N. J.

- POSTAGE WILL BE PAID BY -

AMERADA HESS CORPORATION  
1 HESS PLAZA  
WOODBIDGE, N. J. 07095-9987

CUSTOMER RELATIONS  
1988 APR 18 P 3:10



ATTN: CUSTOMER RELATIONS DEPT.



QUESTIONNAIRE:

- |  | YES                                 | NO                                  |
|--|-------------------------------------|-------------------------------------|
| 1. Did you find our entire station clean and bright? | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| 2. Did you receive fast service?                     | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| 3. Was attendant in clean uniform?                   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| 4. Were you treated courteously?                     | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| 5. Did attendant extend a friendly greeting?         | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| 6. Did attendant clean windshield and rear window?   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| 7. Did attendant offer to check motor oil?           | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| 8. Did attendant thank you for your patronage?       | <input type="checkbox"/>            | <input type="checkbox"/>            |

VISIT DATE APRIL 14 TIME 4:15 <sup>AM</sup> <sub>PM</sub>

ATTENDANT NAME OR DESCRIPTION

If there is anything that you feel could be handled in a better way, we'd appreciate you jotting down your ideas for us . . . because your ideas will help us to serve you better.

COMMENTS:

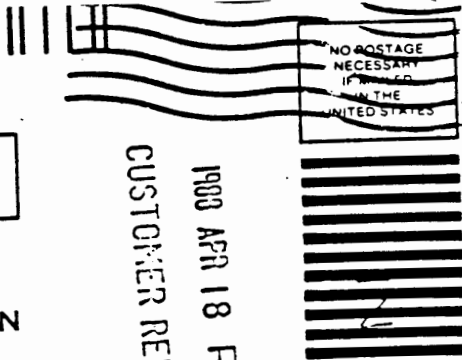
- 1) ~~ONE MAN - SIX CARS~~
- 2) BUMP ON ENTERING STATION

CUSTOMER: JOEL COOPER  
(PLEASE PRINT)  
ADDRESS: 296 Rt 71  
CITY: WLB STATE: NJ ZIP: 07764  
PHONE: (201) no listing

36X

NEW YORK  
ROUTE #22 W/B  
BOUND BROOK, NJ 08815  
P.O. BRIDGEWATER, NJ 08815

1988



**BUSINESS REPLY MAIL**  
FIRST CLASS PERMIT NO. 142 WOODBRIDGE, N. J.

- POSTAGE WILL BE PAID BY -

**AMERADA HESS CORPORATION**  
1 HESS PLAZA  
WOODBRIDGE, N. J. 07095-9987

CUSTOMER RELATIONS  
1988 APR 18 P 3:10

ATTN: CUSTOMER RELATIONS DEPT.



QUESTIONNAIRE:

- |  | YES                                 | NO                                  |
|--|-------------------------------------|-------------------------------------|
| 1. Did you find our entire station clean and bright?                         | <input type="checkbox"/>            | <input type="checkbox"/>            |
| 2. Did you receive fast service? ?   | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| 3. Was attendant in clean uniform?   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| 4. Were you treated courteously?   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| 5. Did attendant extend a friendly greeting?                                 | <input type="checkbox"/>            | <input type="checkbox"/>            |
| 6. Did attendant clean windshield and rear window?<br><i>CLEARED WINDOWS</i> | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| 7. Did attendant offer to check motor oil? <i>NO TIME</i>                    | <input type="checkbox"/>            | <input type="checkbox"/>            |
| 8. Did attendant thank you for your patronage?                               | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |

VISIT DATE 4/14/88 TIME 7:15 <sup>AM</sup> ~~PM~~

ATTENDANT NAME OR DESCRIPTION

JOE. THIS MAN DOES GOOD JOB UNDER  
BAD CIRCUMSTANCES.

If there is anything that you feel could be handled in a better way, we'd appreciate you jotting down your ideas for us . . . because your ideas will help us to serve you better.

COMMENTS: GET MORE HELP PRESENT  
PERSON IS ALWAYS LATE. JOE HAS MANY  
CARS COMING IN & CANNOT HANDLE  
BY HIMSELF. CANNOT EVEN GET UP WATER  
TO CLEAN WINDOWS. HE MUST KEEP A  
WATCHFUL EYE OUT ON THE CIGARETTE  
STANDS. I HAVE SEEN CARS DRIVE  
OUT. WAITING TIME IS TOO LONG. WHAT GOOD  
IS A CLEAN & BRIGHT STATION IF GAS LINE IS  
LONG

CUSTOMER: CHET WOESKI  
(PLEASE PRINT)  
ADDRESS: 13 KING GEORGE RD.  
CITY: WARREN STATE: N.J. ZIP: 07060  
PHONE: (609) 987-6048

## WHY NEW JERSEY CONSUMERS CANNOT BENEFIT FROM SELF SERVE

Michael J. Cino, Director of Marketing of Pyramid Oil Company, Tenafly, NJ.  
B. S. F. S. Georgetown University Edmund A. Walsh School of  
Foreign Service, International Economics and Finance, Certificate  
in International Business Diplomacy from the Karl F. Landegger  
Program.

1. The heaviest burden of a state policy of self serve gasoline falls upon the elderly and handicapped.

These people generally cannot pump their own gasoline, and thus will always be forced to purchase gasoline at the full serve price, which in self serve states averages to be 30¢-40¢ more per gallon than the self serve price.

2. At many gasoline station locations in other states, only self serve gasoline is offered, and general road side service is substantially reduced.

At these locations, there is no consumer choice between self serve and full serve. Presently in the Northern New Jersey area there is a Shell Oil Company commercial airing in which a girl who has just received her license is helped to fill up her car by a Shell attendant. This is usually not the case at many self-serve stations in other states where there is only a cashier in a booth attending the station. If a customer at this type of location has trouble with the pump filling up the car, or has a repair problem, the cashier in the booth is extremely reluctant to offer assistance.

3. As has happened in other states, the number of 'company operated stations', which are run directly by the major oil companies, will increase dramatically. This will have several negative effects on the marketplace.

With less employees and much fewer services to provide, it is much easier for a major oil company to operate a self serve station. This will allow the major oil companies to expand their holdings of company operated stations and thus substantially increase their ability to influence prices in the marketplace. This hurts both small businessmen and consumers. Small

businessmen must compete with company operated stations which have an absolute price advantage. Consumers, in the long run, end up paying much higher prices for their gasoline once the big marketers have control over the marketplace.

•The major oil companies already have an especially strong hold on the marketplace in New Jersey, and in particular in Northern New Jersey. It is a generally accepted fact among executives in the oil industry that during the winter and spring of 1986 when gasoline prices in other parts of the country were falling substantially, the prices of gasoline in New Jersey did not drop as far as the prices in rest of the United States. It is generally recognized that during this period, the street price of gasoline was 8¢-10¢ higher than it would have been under more competitive conditions. This lack of competitive spirit among sellers of a particular produce is referred to by economists as an oligopoly, or a shared monopoly.

There is more than convincing evidence that such a condition exists today in the gasoline marketplace in New Jersey.

I estimate that over the past two years, New Jersey consumers have been paying an average of 3¢-5¢ more per gallon for their gasoline because of this lack of full price competition. This estimate is based upon oil company margins between refineries and the gasoline island pump, allowing for differences in transportation costs.

•Self serve gasoline, with its tendency toward company operated stations, will only make this situation worse for New Jersey consumers. The major oil companies will gain an even stronger hold on the market, and they will have an even greater influence over the price level of gasoline in New Jersey.

4. Self service, by its very nature, introduces a two tier pricing system.

The state legislature has the power to decide if it is good public policy to allow gasoline stations to charge 30¢-40¢ a gallon more just to pump the gasoline into a car. Some stations in Florida have as much as a 50¢ spread between the self serve price and the full

full serve price. Obviously, in New Jersey today the price of full serve is not 30¢-40¢ more than the comparable self serve gasoline price in Pennsylvania. Under self serve, the public is always faced with extremely inflated prices for full serve gasoline. This is the pricing situation throughout the United States.

5. In truly competitive markets, a substantial reduction in overhead costs for producers yields lower prices for consumers. This has not happened in the self serve states.

The major oil companies claim that self serve gasoline will reduce the number of employees needed at each service station, and thus cut expenses. In a genuinely competitive marketplace, these savings are passed onto the consumer in the form of lower prices. Historically, this has not happened when a state goes through the transition to self serve. On the contrary, the major oil companies, because of their experience with the introduction of self serve in other states, expect higher margins, and higher profits, at the expense of the consumer.



**Amoco Public and Government Affairs**

East-South Area Office  
One North Charles Street, Suite 1520  
Baltimore, Maryland 21201  
301-625-7830

Representing:  
The Amoco Companies

Remarks by Roger W. Friskey, Amoco Public and Government Affairs, before the Joint Senate and Assembly Law and Public Safety Committee, April 22, 1988.

Amoco Oil Company is very pleased that these committees are now giving serious consideration to bills permitting self-serve gasoline sales in New Jersey.

Self service would ease the severe labor problem Amoco dealers now have, it would permit a much higher level of security, and it would give New Jersey motorists a choice they deserve.

Since 1975, Amoco Oil Company has published a self-service market share study, which has come to be regarded as the most authoritative of its kind in the industry. The survey shows that today 79 percent of American motorists are serving themselves to gasoline. In 1975, self service was only 13 percent of the market.

From the start, self-service market share rose quickly, showing big gains year to year. Recently, self-service share has plateaued, but it is still growing slightly in some markets.

Two things this survey tells us are that self service is very popular, and that there is still a significant demand for full service.

Page 2

Percentages vary, from 94 percent self-serve in Utah, to 64 percent in Pennsylvania. With New Jersey's long experience with full service, it's reasonable to assume that this segment will remain strong even if unrestricted self service is permitted.

Finally, I would urge the committee members to give serious thoughts to the crime prevention and security advantages self service offers.

So long as service station attendants must leave a protected sales area to pump gasoline, they are vulnerable to assault, robbery, or worse, at any hour of the day or night.

Of the 210 dealer leased and operated Amoco stations in New Jersey, about 80 percent are open for business 24 hours a day. Here, our security is basically limited to bullet-resistant glass and a drop safe. As soon as the attendant leaves the protected area, he is vulnerable.

Our self-service security configuration provides a much higher protection level. As an urban marketer, Amoco stations are able to safely operate 24 hours a day in inner-city Baltimore, Philadelphia, Washington, D.C., and elsewhere.

In many of these areas, Amoco stations provide an important business anchor in difficult communities. Self service makes this possible.

#

42X



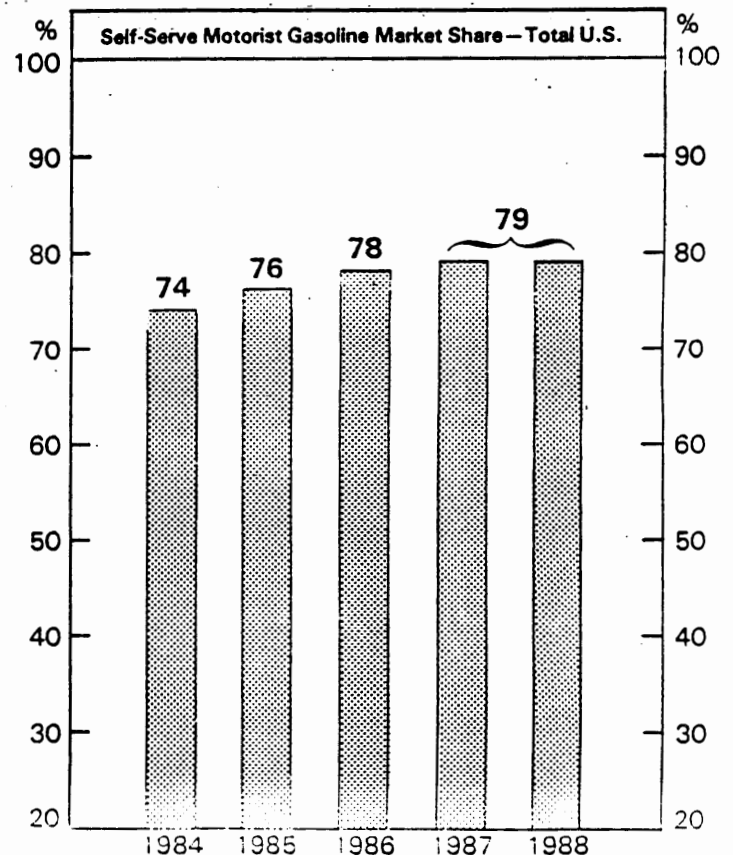
Marketing Research Department—Amoco Oil Company—Volume XVI—Number 4—March 22, 1988

**Self-Serve Motorist Gasoline Market Share by State (Percent)  
January 1988 versus January 1987**

	1987	1988	Chg.		1987	1988	Chg.		1987	1988	Chg.
Alabama	82	82	NC	Louisiana	89	90	+1	Ohio	83	86	+3
Arizona	92	92	NC	Maine	51	47	-4	Oklahoma	86	86	NC
Arkansas	82	83	+1	Maryland	86	86	NC	Pennsylvania	63	64	+1
California	90	90	NC	Massachusetts	49	50	-1	Rhode Island	66	63	-3
Colorado	92	92	NC	Michigan	85	85	NC	South Carolina	88	88	NC
Connecticut	70	71	+1	Minnesota	82	82	NC	South Dakota	82	75	-7
Delaware	81	86	+5	Mississippi	82	83	+1	Tennessee	84	84	NC
D.C.	83	87	+4	Missouri	82	81	-1	Texas	92	91	-1
Florida	90	90	NC	Montana	91	90	-1	Utah	95	94	-1
Georgia	86	88	+2	Nebraska	78	81	+3	Vermont	54	55	+1
Idaho	87	88	+1	Nevada	88	94	+6	Virginia	89	87	-2
Illinois	87	87	NC	New Hampshire	65	60	-5	Washington	92	90	-2
Indiana	86	86	NC	New Mexico	88	90	+2	West Virginia	73	74	+1
Iowa	83	85	+2	New York	57	58	+1	Wisconsin	89	87	-2
Kansas	82	80	-2	North Carolina	86	86	NC	Wyoming	83	86	+3
Kentucky	78	79	+1	North Dakota	81	73	-8				

**Percent Self-Serve Motorist Gasoline Sold by Brand—  
January 1988 Versus January 1987—Total U.S.**

Brand	1987	1988	Chg.
Arco	88	89	+1
Citgo	85	84	-1
Shell	83	83	NC
Union	81	82	+1
Phillips	81	82	+1
Conoco	81	81	NC
Sohio/BP	76	78	+2
Amoco	76	77	+1
Texaco	76	76	NC
Chevron	73	73	NC
Exxon	73	73	NC
Mobil	70	70	NC
Sunoco	55	54	-1
Independents	84	84	NC
Industry	79	79	NC



These data are drawn from the new tri-monthly Purchase Behavior Survey of all household motor fuel purchases of 120,000 respondents.

43X



CONSUMERS OIL  
1473 LAMBERTON ROAD  
PO BOX 8667  
TRENTON, NEW JERSEY 08650-0667  
609-394-8282

PUBLIC HEARING  
SENATE AND ASSEMBLY COMMITTEES  
SELF-SERVICE LEGISLATION

My name is John Douglas and I represent Consumers Oil. My objective today is to present testimony in support of legislation permitting self-service gasoline in the state of New Jersey.

Our company is a local gasoline distributor that was started in this city in 1934. Our business and our service station Dealers' businesses have employed several thousand people over the years. We live in this county and the surrounding counties; we employ and supply second and third generations of families in our business. We sell through our service stations and our dealers stations, products to more than eleven thousand (11,000) New Jersey residents each day.

Our business has faced dramatic change in its fifty four (54) year history. Less than two (2) weeks ago, Mercer County celebrated its 150th birthday, recognizing those companies that have helped shape this county and its growth over the past fifty years. We reminisced about the way things used to be and we discussed the hope we have for our children in the future.

Change hasn't always been good for our business. Two(2) federally mandated gasoline allocation periods, supplier market withdrawals, and natural attrition has decimated our original chain of seventy-two (72) service stations. I think that only five original stations remain in operation today.

However, We have survived the changes. We have built new stations and supplied new Dealers. We try to operate our business in a manner to anticipate change and to grow in our local community.

Self service represents a change for New Jersey. A very positive step, embracing the changes that have already occurred in many other states. An opportunity for both ourselves, our Dealers, and our customers to select the method in which they desire to purchase gasoline.



page two

It is more expensive in almost every aspect of our business to operate today than it was yesterday. We face, and our Service Station Dealers face dramatic new expenditures for insurance, underground tank upgrading, equipment maintenance, user fees and registrations, phase II vapor recovery, payroll, etc... I could complain all day. The additional expense to install self service equipment where that marketing method is desired, is almost insignificant in comparison to the other mandated expenditures that we are already required to make. In many cases the equipment that we purchase to upgrade our facilities already has self service capabilities because that is the standard nation wide.

What choices do we really have in the face of the new proposed tank and vapor recovery regulations? We live in this state and our business is in this state. We will absorb these increased costs and look for new ways to market our gasoline and we will change. We will change our methods as will our dealers change, and we will survive.

Your support of self service legislation will afford us the opportunity to change the way we and our dealers market gasoline. We won't change every station. There are many stations in this area such as North Boroad st., Calhoun st., and Lalor st., that are not appropriate for self service. There are other stations that will choose a combination of self service and full service. Allow us the opportunity to choose which method will best service the needs of our customers and believe me when I tell you that the customer will be the ultimate decision maker because they will buy their gasoline requirements in the manner that they choose.

We will not sell more gallons of gasoline whether its a full service or self service station. People won't change their driving habits and use more gasoline. We will simply market each individual station in a manner that is most desirable to the motoring public in that area.

Our business doesn't sell steak dinners. We are a necessary evil for anyone who drives a car. I've never met anyone who enjoyed buying gasoline.



CONSUMERS OIL  
1473 LAMBERTON ROAD  
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TRENTON, NEW JERSEY 08650-0667  
609-394-8282

page three

Self service gasoline offers the motoring public a choice of convenience, price, and service. Self service offers us the chance to lower our operating costs at those stations that require a change in operation in order to survive.

When I discussed with our Dealers the opportunity that I would have to appear before you today their biggest issue was payroll and the ability to get people to work in a service station. Self service gasoline sales will not eliminate existing jobs. Self service may reduce the number of "Help Wanted" signs that have become a permanent fixture in most retail businesses today.

Many customers would rather pump their own gasoline or have the opportunity to choose, rather than wait on the many times unkept and poorly dressed attendant who sometimes appears to dispense gasoline. That employee who leans against your car, spills the gasoline and gives you a smart comment when you ask them to move a little faster. We as car owners will be far more careful with our own gasoline dispensing than this type of service station attendant. However, the station that gives good service, has good attendants will be in demand by us for those times when we don't want to pump our own gasoline or need additional services.

Self service gasoline offers us and our dealers new marketing alternatives; to offer service or convenience, other products tie-ins, and reduced operating costs.

I have worked in our stations, and I have pumped gasoline more times and for more shifts than I care to admit. Our Dealers continue to face this situation every morning when they open for business. Will any or all of my employees show up for work and how many different jobs will I have to cover for today? The personnel situation is a disaster and industry experts tell us that its going to get worse. Minimum wage considerations are a joke. We can't pay a good employee enough. Many times the \$5.00 per hour that we pay is a waste.

abx



CONSUMERS OIL  
1475 LAMBERTON ROAD  
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page four

Our company and our dealers represent approximately seventy (70) service stations and we employ over 500 New Jersey residents. We ask you to accept change, support s/s legislation, and allow us as small businesses to select the most effective means of amrketing our products.

Thank you for your time and your consideration. If there are any questions I will be happy to try and answer them at this time.

Donald Bean  
12th Flr. Packard Bldg.  
Phila. Pa. 19102  
215-977-2010

My name is Donald Bean. I am counsel to Merit Oil Corporation which operates a chain of approximately 185 retail service stations in 10 Eastern states. I speak in support of the adoption of legislation which will permit total self-service stations.

Merit stations operate on a total self-service basis everywhere outside of New Jersey. That is to say, Merit does not furnish the service of filling the customer's gas tank (except, of course, in New Jersey) but it does furnish services which many other stations do not. For example, when other stations are closed, Merit is usually open. Also, Merit prices are usually lower than those of stations providing attendant service.

The budget motorist, or the motorist who wants to buy gasoline when most stations are closed, or the motorist who does not want to wait for an attendant to finish doing something else, is likely to be the customer of a total self-service station.

Merit stations are often located in low-income areas where others do not care to operate or, if they do, close down early to reduce crime exposure. Merit has no reluctance to remain open, even in areas where the crime risk is high, because its self-service cashier works in a sealed booth and is protected by bullet-proof and shatter-proof glass.

While I am on the subject of crime exposure, let me tell you about Merit's experience with assaults against employees during the course of robberies. I will compare these events at Merit's 36 conventional stations, all of which are located in New Jersey with Merit's 149 self-service stations, all of which are located outside of New Jersey. At the 149 self-service stations the only employee is a person who remains within the protected booth. At those 149 stations, over a period of about 31 months, ending in February of this year, there were three assaults against employees during the course of robberies. At the 36 New Jersey stations where the employees were attendants filling tanks, there were 19 assaults during the course of robberies. 19 assaults at 36 New Jersey stations, three assaults at 149 stations outside of New Jersey. Plainly self-service is a far safer operation.

Merit serves the residents of low income areas not only by providing gasoline during normal business hours, but also before and after normal business hours.

When conventional stations are closed, Merit provides a well-illuminated place of business in areas where illumination interferes with the activities of criminals.

Admittedly, there are motorists who don't want a do-it-yourself gas station, who want their tanks filled by an attendant. What about them? I am here to answer that question.

Let me begin by stating my conclusion, namely, that motorists desiring full service will always have access to full service. Now let me prove that assertion.

Merit engaged the highly-respected Lundberg Service to survey four metropolitan areas where self-service-only stations have been permitted to operate for at least 15 years. We have a report from Lundberg dated April 15, 1988\* and this is what it shows with respect to those four areas, namely, Boston, Baltimore, New Haven and Washington, D. C.

In Boston, where self-service has been permitted for 17 years, a sample of 213 stations was surveyed. Lundberg stated in its report "We consider the number of stations surveyed in these markets to be adequate to represent total market relationships." Of the 213 stations in Boston the number providing <sup>attendant</sup> service was 154 or 72%.

In Baltimore where self-service has been available since 1973, 199 stations were in the sample. The number of stations providing <sup>attendant</sup> service was 134 or 67%.

In New Haven where <sup>self-</sup> service has been available since 1968, 113 stations were in the sample; 69 or 61% provided <sup>attendant</sup> service.

In the City of Washington where self-service has been permitted since 1970, 250 stations were surveyed and 164 or 65% provided <sup>attendant</sup> service.

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\*A photocopy of the Lundberg letter of April 15, 1988 is attached hereto. In addition, I have in my office, available to anyone who wants to examine it, Lundberg's backup data.

The Lundberg survey establishes that the availability of total self-service does not preclude the availability of full service to the elderly, the handicapped, the young and the not-so-young, or anyone else who wants it. If total self-service becomes available in New Jersey, full service will continue to be available.

But those people who need the lowest prices, or require night-time access to gasoline, or who don't want to wait for an attendant to fill their tank - those people will also have what they want. In other words, self-service will be a plus in New Jersey, and not a substitute for something now available.

There is plenty of competition among service stations. The keenness of that competition will assure the community of many service choices.

# LUNDBERG SURVEY

INCORPORATED

12041 STRATHERN STREET  
NORTH HOLLYWOOD, CA 91605-1498  
MAIL ADDRESS: P.O. BOX 3996  
NORTH HOLLYWOOD, CA 91609-0996  
(818) 768-5111  
TWX # 1 910 4982739 LUNDBERG LSA

April 15, 1988

Merit Oil Corporation  
551 W. Lancaster Avenue  
Haverford, PA 19041

Gentlemen:

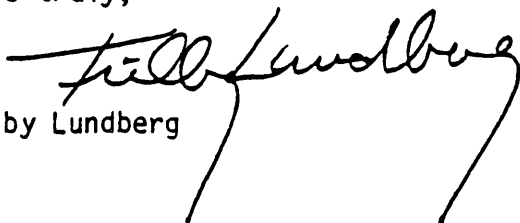
You asked for a percentage of those stations that provide service in the markets' samples we survey shown below, each market of which permits operation in a self-serve mode without any full-service islands.

We consider the number of stations surveyed in these markets to be adequate to represent total market relationships.

<u>Self-Serve Permitted Since</u>	<u>City</u>	<u>Total in Sample</u>	<u>Date of Survey</u>	<u>Number of Stations Providing Service</u>	<u>Number of Stations Self-Serve Only</u>	<u>Percentage of Stations Providing Service</u>
1971	Boston	213	4/8/88	154	59	72.3
1973	Baltimore	199	4/8/88	134	65	67.3
1968	New Haven	113	3/25/88	69	44	61.1
1970	Washington, DC	250	3/25/88	164	86	65.6

The documentation for these findings is enclosed in the form of our Retail Price Survey House Panels for the four markets.

Yours truly,



Trilby Lundberg

FEDERAL TRADE COMMISSION  
Washington, DC 20580

BUREAU OF ECONOMICS

April 21, 1988

The Honorable Elizabeth E. Randall  
Majority Whip  
The Assembly  
State of New Jersey  
Trenton, New Jersey 08625

Dear Ms. Randall:

The staff of the Federal Trade Commission is pleased to provide the following comments<sup>1</sup> in response to your request of March 31, 1988, for our views on four bills<sup>2</sup> that would allow self-service gasoline marketing, currently prohibited under New Jersey law. We believe that New Jersey consumers stand to gain millions of dollars per year in lower prices if self-service stations, the predominant method of gasoline retailing in all but one other state, were legalized. The safety concerns that may have given rise to the prohibition of self-service four decades ago appear to have long been addressed through improvements in technology and government safety standards. Further, fire safety insurance rates do not appear to reflect any significantly increased risk from self-service outlets. Finally, there does not

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<sup>1</sup> These comments represent the views of the Federal Trade Commission's Bureaus of Economics, Competition, and Consumer Protection, and not necessarily those of the Commission itself or any individual Commissioner. The Commission has, however, with Commissioner Azcuenaga dissenting, voted to authorize the staff to submit these comments to you.

<sup>2</sup> These bills are Senate Bills 815 and 2321, and Assembly Bills 813 and 1385.

seem to be a good reason to limit the hours when self-service islands can be open, as one of the proposed bills would do.<sup>3</sup>

The Federal Trade Commission (Commission) is an independent agency with the responsibility for enforcing the Federal Trade Commission Act,<sup>4</sup> which prohibits, among other things, "unfair methods of competition." The Commission seeks to promote competition in energy markets, as evidenced by numerous law enforcement actions, and in statements filed with various government and regulatory bodies. For example, Commission comments as well as FTC staff comments and testimony have identified the costs of divorcement and "below-cost selling" laws before legislatures in Nevada, Georgia, Hawaii, South Carolina, North Carolina, Washington, and in the United States Senate and House of Representatives.<sup>5</sup>

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<sup>3</sup> Senate Bill 815 would not allow self-service between 9:00 a.m. and 5:00 p.m. Senate Bill 2321 would allow self-service at all hours, but would require all retailers to offer a full-service option between 9:00 a.m. and 5:00 p.m. The other two bills (Assembly Bills 813 and 1385) would not restrict self-service hours in any way.

<sup>4</sup> 15 U.S.C. 41 et seq.

<sup>5</sup> See letter to Nevada Chairman Randolph Townsend, Assembly Bill 420, "A Bill to Establish Divorcement by Gasoline Refiners of their Retail Gasoline Outlets," April 22, 1987; letter to Georgia Governor Harris on "Retail Gasoline Divorcement Bill," March 18, 1987; letter to Peter Apo, Hawaii House Bill 1376, "A Bill For An Act Relating to the Retail Sale of Gasoline," December 23, 1985; comments on South Carolina House Bill 2663, "Motor Fuel Marketing Divorcement and Below-Cost Sales Bill, May 14, 1985; comments on North Carolina "Motor Fuel Marketing Act," March 27, 1985; comments on State of Washington, Senate Bill 3418 and House Bill 329, "An Act Relating to Retail Practices in the Sale of Motor Vehicle Fuels," March 22, 1985; Testimony before the Subcommittee on General Oversight and the Economy of the United States House of Representatives on House Resolution 3824 "Motor Fuel Sales Competition Improvements Act of 1985," April 17, 1986; letter to Chairman Strom Thurmond, Committee on the Judiciary, S. 1140, "Motor Fuel Sales Competition Improvements Act of 1985," July 9, 1985.

In the comments below, we review evidence on a possible safety-related rationale for the existence of a self-service ban. We next discuss evidence that the ban on self-service imposes significant costs on New Jersey consumers, who annually pay millions of dollars more than necessary for the purchase of gasoline. Finally, we discuss policy options and present our conclusions.

Safety-Related Rationale

The current statutory prohibition on self-service gasoline stations in New Jersey was adopted in 1949, explicitly for fire safety reasons.<sup>6</sup> At that time only a few states permitted self-service gasoline sales and such sales represented a very small fraction of all gasoline dispensed. Since then, there have been significant technological and safety improvements in self-service dispensing. The number of states allowing self-service increased accordingly, and, at present, self-service retailing is permitted in 48 states and the District of Columbia. Consumer preference for self-service has increased dramatically as well, especially during the 1970's. It is estimated that 78 percent of all gasoline sold nationally is now sold through self-service.<sup>7</sup>

A government ban on an activity for safety reasons is only appropriate if the unregulated market fails to provide adequate safety protection, and if a ban is one of the least-costly and most practical remedies for the problem.

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<sup>6</sup> N.J.S.A. 34:3a-1 et seq.

<sup>7</sup> National Petroleum News Factbook, 1987.

The Honorable Elizabeth E. Randall

There does not appear to be any safety-related "market failure"<sup>8</sup> that would justify continuing the present ban on self-service in New Jersey. Any potential under-provision of safety appears to have been remedied in other states through technological improvements<sup>9</sup> and through governmental regulations that are less restrictive than a ban on self-service.

The risk of fire does not appear to justify a prohibition of self-service retailing. The National Fire Protection Association (NFPA), a private standards setting organization whose determinations are used as the basis of most local codes, explicitly sets standards that allow self-service operations. A 1974 NFPA report found self-service establishments to be safe when certain basic procedures are followed.<sup>10</sup> Additional evidence of the safety of self-service stations is provided by the practices of liability insurers. Phone surveys<sup>11</sup> show that self-service stations do purchase insurance and,

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<sup>8</sup> A "market failure" would only exist if the free market, left to its own devices, would disregard or give inadequate consideration to safety.

<sup>9</sup> These improvements include: 1) dispensing pumps that cannot be turned on by the customer unless the cashier authorizes; 2) nozzles with automatic safety fill shut-off and a shear-off spout that provides additional spill protection; 3) hose break-away couplings, which protect against accidental drive-off spills, and 4) an "emergency stop" safety feature which provides for immediate gas shut-off in the event of an accidental spill that the customer fails to handle.

<sup>10</sup> Discussions with NFPA officials verified that NFPA had, in the early 1970's, dropped its previous position against self-service gasoline retailing in light of technological and safety-related improvements in dispensing. These conclusions are discussed in the 1974 NFPA report, which is currently unavailable.

<sup>11</sup> We received information about insurance rates for full-service vs. self-service gasoline stations from 9 insurance companies in the Washington, D.C. area. The companies contacted included Capitol Hill Insurance Agency, Genson Donald K. Inc. Insurance Agency, Selective Insurance Company of

The Honorable Elizabeth E. Randall

further that insurance companies do not charge higher fire insurance premiums to self-service retailers.<sup>12</sup> Thus, it would appear that safety concerns that underlay the initial ban on self-service in New Jersey are not a significant problem today.<sup>13</sup>

In sum, the experience in 48 states and the District of Columbia offers little reason to believe that consumers are subject to significantly increased danger from self-service, provided proper rules and regulations are followed

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America, St. Paul Fire and Marine Insurance Company, Safeco Insurance Company of America, FSG Underwriters LTD, Cigna INA, Cartwright William T. & Associates, and Crawley and Thomas Insurance Inc. Individuals were contacted by phone on April 8, 11, and 12, 1988. Since firms in the insurance industry base their rates on information provided by the Insurance Service Office (ISO), Ann Lavy, an employee at the ISO, was contacted on April 12, 1988, to corroborate our findings. The ISO provides information to the industry on risk rates for different classes of customers.

<sup>12</sup> There is some indication from our survey that liability insurance rates do differ between full-service and self-service or combination stations. Two insurance companies charge liability insurance rates that are approximately 30 percent higher for self-service and combination stations than for full-service (although several other companies had no such rate differential). However, we were informed that these rate differentials are not based primarily on fire-safety concerns, but rather on more general risks. One such risk, for example, occurs because consumers might be injured when they get out of their cars. To the extent that such insurance rate differentials exist, they indicate that, although the market perceives some additional risk (and, therefore, cost) associated with self-service, these costs are low enough that self-service stations have been able to survive and prosper, as evidenced by their rapid growth in other states.

<sup>13</sup> There are also potential health-related aspects of self-service gasoline retailing. To the extent that breathing gasoline vapors represents a health hazard, the existence of self-service presumably increases the (occasional) exposure of consumers using self-service while decreasing the number of gas station attendants subject to constant exposure. The net health effect of such a redistribution of exposures is unclear.

The Honorable Elizabeth E. Randall

by retailers. Therefore, a ban on this retailing option would appear to be excessive.

Effect of Self-Service Ban

Because the New Jersey ban does not appear to be necessary to correct any significant safety problem, the primary beneficiaries of the regulation apparently are incumbent gasoline retailers who are able to keep a proven efficient form of gasoline retailing out of the market. By contrast, New Jersey consumers and visitors are clear losers. They are denied access to a lower price service that is now preferred by most consumers across the country.

It is possible to approximate the added expenditures incurred by New Jersey consumers due to the self-service ban by examining the behavior of consumers in nearby northeastern communities where self-service is an option. The annual National Petroleum News Factbook(s) provides information on the percentages of retail gasoline purchases made on a self-service basis for the following five locations over the period 1983-1986: Baltimore, Boston, Long Island, Philadelphia, and Providence. Taking the simple average percentage for these five areas as an indicator of likely hypothetical New Jersey consumption patterns, we estimate that 59 percent of the gasoline purchased in New Jersey would be bought on a self-service basis if that were a permitted option.<sup>14</sup>

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<sup>14</sup> This may be a conservative estimate since it is well below the national average of 78 percent.

Using data from the same five areas, we can also estimate for New Jersey the likely premium that would be paid for full-service over self-service if self-service were not banned. A study of retail gasoline prices using the Lundberg Letter data,<sup>15</sup> adjusted for differences in gasoline taxes, has produced a data series on the full-service premiums for the five areas.<sup>16</sup> The study indicates that the full-service premium for New Jersey would be 17.0 cents for a gallon of leaded gasoline and 16.8 cents for unleaded. This implies that New Jersey consumers, as a result of the prohibition against self-service, pay more than 16 cents per gallon extra for 59 percent of the gasoline they purchase.<sup>17</sup>

Finally, using this data, we can estimate the total additional consumer costs attributable to the self-service ban. Taking 59 percent of the 3.5 billion gallons<sup>18</sup> of gasoline purchased in New Jersey in 1986 yields an estimate of over 2 billion gallons of gasoline that would have been purchased in New Jersey on a self-service basis but for the ban. The U. S. Department of Energy estimates that 69.1 percent of the retail gasoline

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<sup>15</sup> The Lundberg Letter is a privately published source of petroleum pricing information.

<sup>16</sup> Putnam, Hayes & Bartlett, Gasoline Prices in Maryland Following Divorcement (1987).

<sup>17</sup> The estimated 16 cents/gallon price premium may overstate somewhat the current price raising effect of the self-service ban in New Jersey if New Jersey's full-service stations presently enjoy economies of scale, due to specialization in full-service that are not possible in states that allow self-service.

<sup>18</sup> See 1987 National Petroleum News Factbook, which lists New Jersey as the ninth largest state in consumption of gasoline in 1986.

The Honorable Elizabeth E. Randall

consumed in the United States is unleaded.<sup>19</sup> Applying this number to the 2 billion gallons, and then multiplying by the estimated leaded and unleaded full-service premiums yields an estimated increased payment by New Jersey consumers of \$108.5 million for leaded gasoline and \$239.7 million for unleaded. Taken together, we estimate that the self-service ban causes New Jersey consumers to pay an additional \$348 million each year for the purchase of gasoline.<sup>20</sup>

Because full-service has some value even for potential self-service consumers in New Jersey, this sum cannot be regarded as a pure loss to these consumers. However, the fact that 78 percent of all gasoline is sold in other states on a self-service basis suggests that most consumers value the monetary savings of self-service more than the added convenience of full-service. Thus, it is clear that the ban does have a substantial impact on the gasoline retail market, and that it imposes a heavy monetary burden upon New Jersey consumers.

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<sup>19</sup> See 1987 National Petroleum News Factbook.

<sup>20</sup> An alternative estimate may be calculated using very conservative assumptions. Instead of using the five area averages, one may instead select the lowest full-service premiums (those of Long Island) of 8.35 cents for leaded gasoline and 8.62 cents for unleaded. One may also select Boston's percentage of self-service customers, which, at 44 percent, is the lowest of the five areas. Under these assumptions New Jersey consumers can be expected to pay an additional \$131 million each year because of the ban on self-service. Thus, while the estimates are sensitive to the assumptions one adopts, the ban against self-service has a substantial negative impact on consumers even under extremely conservative assumptions.

Policy Options and Conclusions

The current ban on self-service stations in New Jersey appears to impose substantial costs on New Jersey consumers that are not likely to be offset by justifiable safety-related concerns. Thus, the net effect on consumers of Assembly Bills 813 and 1385, which would completely repeal the ban, should be positive.

Additionally, limiting self-service hours to the period between 5:00 p.m. and 9:00 a.m., as envisaged by Senate Bill 815, would reduce the advantages offered by complete repeal. Such a plan would deny a self-service option to all consumers during most of the daytime hours, imposing large consumer costs.

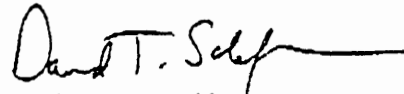
A possibly less restrictive alternative to Senate Bill 815 is Senate Bill 2321, which would allow self-service at all hours, but would require every dealer to offer a full-service option as well between 9:00 a.m. and 5:00 p.m. However, this alternative, relative to a repeal of the self-service ban, might raise the cost of a full-service station contemplating changeover to self-service, such that conversion would not be economic. Further, this alternative could impose an additional (perhaps substantial) cost on stations whose economic advantage lies in being low cost-high volume self-service-only outlets. The need to hire extra help and order additional supplies to maintain a service option for a few hours a day could be extremely burdensome and could raise the cost and price of gasoline (both for self-service and full-service retailing options) at such stations. It might be more economically efficient to permit stations to specialize according to their

The Honorable Elizabeth E. Randall

particular competitive strengths. This is particularly true since there is no reason to believe that full-service stations will disappear as long as there is a demand for them.<sup>21</sup>

Evidence indicates that safety problems associated with self-service stations do not appear significant, and that self-service gasoline retailing offers large potential savings to consumers. For these reasons, we believe that consumers and visitors in New Jersey would benefit substantially if the ban on self-service retailing were repealed.

Sincerely,



David T. Scheffman  
Director  
Bureau of Economics

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<sup>21</sup> On the other hand, there might be a benefit to having every station preserve some service option to the extent that consumers cannot easily "search" for stations with their preferred option. Elderly or disabled persons, or tourists, may, for example, benefit from each station maintaining a service option. However, it is not clear that this would require maintenance of a full-service island reserved exclusively for that purpose.

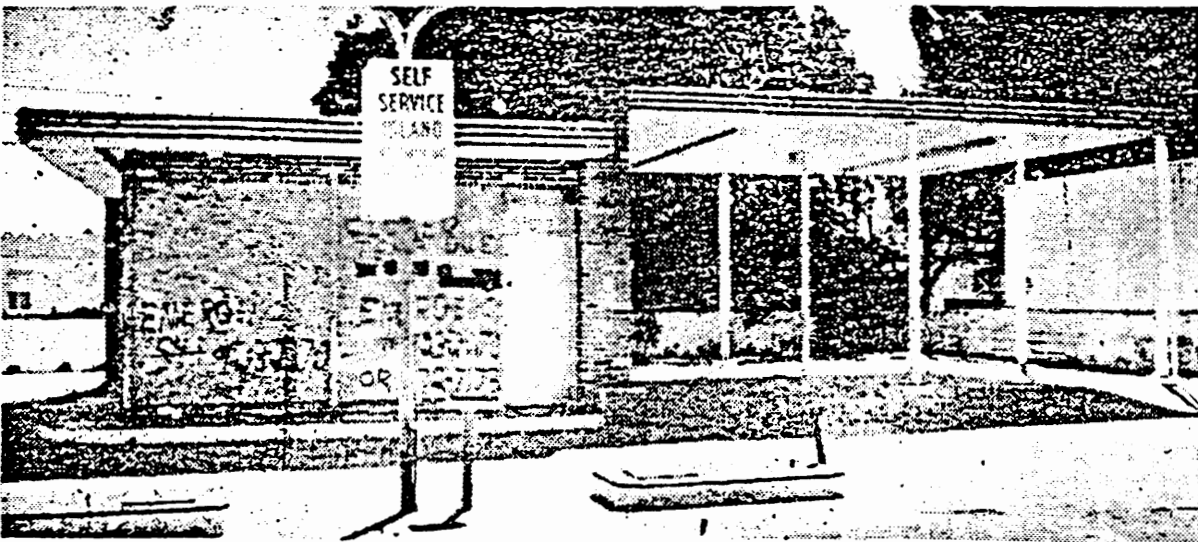


EXAMINER  
W. G. GARDNER  
RE TAULER'S MESS

## *How stations like this...*



## *...are creating stations like this*



HOW THE BIG (COMPANY RUN STATION) "ATE UP THE INDEPENDENT".  
THIS WAS A SPLIT-ISLAND STATION (SELF-SERVE AND FULL-SERVE).  
WHEN IT CLOSED, THE AVAILABILITY OF REPAIR FACILITIES WENT  
WITH IT.

# SELF-SERVICE gas

## Our losses will outweigh benefits

Should New Jersey residents have a choice and be allowed to pump their own gas? State law currently prohibits it, but a case before Superior Court could change that.

As with all issues that effect change, basic questions should be asked. What is gained? What is lost? Who benefits? Who loses?

Some would say that New Jersey has the dubious distinction of being one of only two states that don't allow self-service gas stations. Oregon is the other. But those who might scoff take a second look upon discovering that these two states also enjoy the lowest gasoline prices in the country.

The two sides to this argument — represented by the Department of Labor, which says self-service is a fire hazard, and the president of a small oil company, who says the state's prohibition is an unconstitutional restraint on his business — have brought forth a variety of statistics and compelling economic data.

Outside the courtroom, the large, name-brand oil companies want self service; the retail gasoline dealers are staunchly against it. Both are being called to testify.

The case before the court is focusing on safety. It goes without saying that gasoline is a volatile liquid, requiring certain safety measures. Consequently, gasoline retailers say their product is too dangerous to let untrained people dispense it. But the oil companies

say technology has made self-service pumps safe for anyone to use.

A Mobil oil executive pointed out that in approximately two billion transactions, the fire rate at its gas stations came to one per 300 million purchases. An Exxon official testified that from 1985 to 1987, the company had four fire incidents related to self-serve stations.

Of course, those statistics only deal with fires. Unmentioned are the numbers of falls and gasoline spills, not to mention the inhalation of gasoline fumes, which pose a health hazard.

Self-service stations do make every effort toward safety they reasonably can. Instructions are clearly printed on each pump, and each pump is equipped with safety equipment. However, there is no protection against stupidity. It may not take genius to pump gas in a car, but the uninitiated, the careless, the drunk or the clumsy can create serious safety hazards that no attendant locked in a kiosk or observing from a convenience store will be prepared to deal with.

economics, which is where the real battle is being waged. The small retailers say self-service will put them out of business, and there is ample evidence to show that has happened to some degree in other states. The oil companies say self-service will allow consumers a choice, and it will allow the companies to offer gas at lower prices.

It is true that across the country, the complexion of service stations has changed considerably, and many full-service stations have gone out of business. Self-service played a part in that, allowing independent dealers to compete with stations that sell brand names such as Mobil, Exxon, Shell, Texaco, etc. And, too, those large oil companies found it more economical to build self-service stations.

The issue really is not self-service vs full service. The issue is choice. Oil companies say consumers want to pump their own gas. They also say that they should be allowed to run their businesses as they choose and that consumers have a right to choose. The argument sounds good, but bears closer inspection.

In other states, self-service gas is less expensive than full-service gas. That doesn't mean the gas is cheap, however, particularly when compared to New Jersey prices. Will the price of gas come down in New Jersey if self-service is allowed? Probably not, but the price of full-service gas will go up, which then will allow companies to say that self-service gas is less expensive. Who benefits? Who

consumers want to choose between full service and self-service. But if there is no discernable financial gain for New Jersey, what is the choice? And speaking of choice, if experience in other states is an example, what happens to those who wish to have full-service but find it's not available because too many stations are hi-tech, gas-only, self-serve? What's their choice? It may explain why communities and counties in Massachusetts and California have begun passing ordinances against self-service gas stations.

Should New Jersey residents have a choice about pumping their own gas? Yes, if all that's at stake is a matter of convenience to the person making the choice. But strike up a definite no if the self-service choice comes with the added expense of falsely inflated prices and less service.

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# Opinion

Vineland, N.J., Thursday, July 16, 1987 Page 18

## *Self-service gas?*

Want to pump your own gas?

Never in New Jersey, not on Sunday or any other day. It's banned by law. New Jersey and Oregon are unique among the 50 states in that respect.

A Pennsylvania gasoline distributor, Michael Kirschner, of Haverford has filed suit in Burlington County to upset the New Jersey ban. He operates a string of gasoline stations in South Jersey. He says the ban is a restraint of trade.

That's a different tact than the big oil companies took in 1982. They tried to get the legislature to lift the ban. That effort failed when it ran into the opposition of the independent dealers led by the New Jersey Gasoline Retailers Association.

To be fair, there's no reason why a gasoline station shouldn't be able to operate its business as it wants. If any particular customer doesn't like it, he can take his business elsewhere. That's the consumer's most powerful weapon, and it explains, to some degree, why some businesses succeed and some fail.

The legislature, however, is responsible for the public welfare. It would seem that a full-service station is safer than a self-service station. It would also seem that coming away from a pump with hands reeking of gasoline is not the best prescription for good health. Those were legitimate concerns of the legislature, and judges should walk carefully over ground already tilled by the people's representatives.

Gas-and-go stations are neither wise nor practical for handicapped people and some senior citizens. And there's a tendency among station owners in other states to gouge those who use the full-service islands.

As for restraint of trade, New Jersey always has had some of the lowest gasoline prices in the country, despite the fact that it bans self-service stations. There's tough retail gasoline competition in New Jersey where wars keep individual stations on their toes and prices in line.

The Retailers Association claims that the self-service concept is designed to drive out the independent dealer, resulting in fewer stations, less competition and eventual higher prices. If that's true, self-service is no way to promote vigorous trade.

New Jerseyans enjoy relatively low gasoline prices — even without taking into consideration Jersey's low 8-cent state tax — and the courts should make sure the system is broke before they set out to fix it.

# Savings a vain promise

By JERRY M. FERRARA  
Special to The Press

**C**ONSUMERS IN New Jersey have been recently subjected to a barrage of numbers which seems to indicate the solution to all our economic woes would be self-service gasoline in New Jersey. They would have you believe the savings would be 5-11 cents a gallon. Let's look at the facts:

- Price surveys by the Automobile Association of America and oil trade journals indicate New Jersey has the lowest average gasoline price in the country.

- Virginia AAA indicates that the price in that state is 7.5 cents a gallon higher than New Jersey although the Virginia tax is only .04 cents higher.

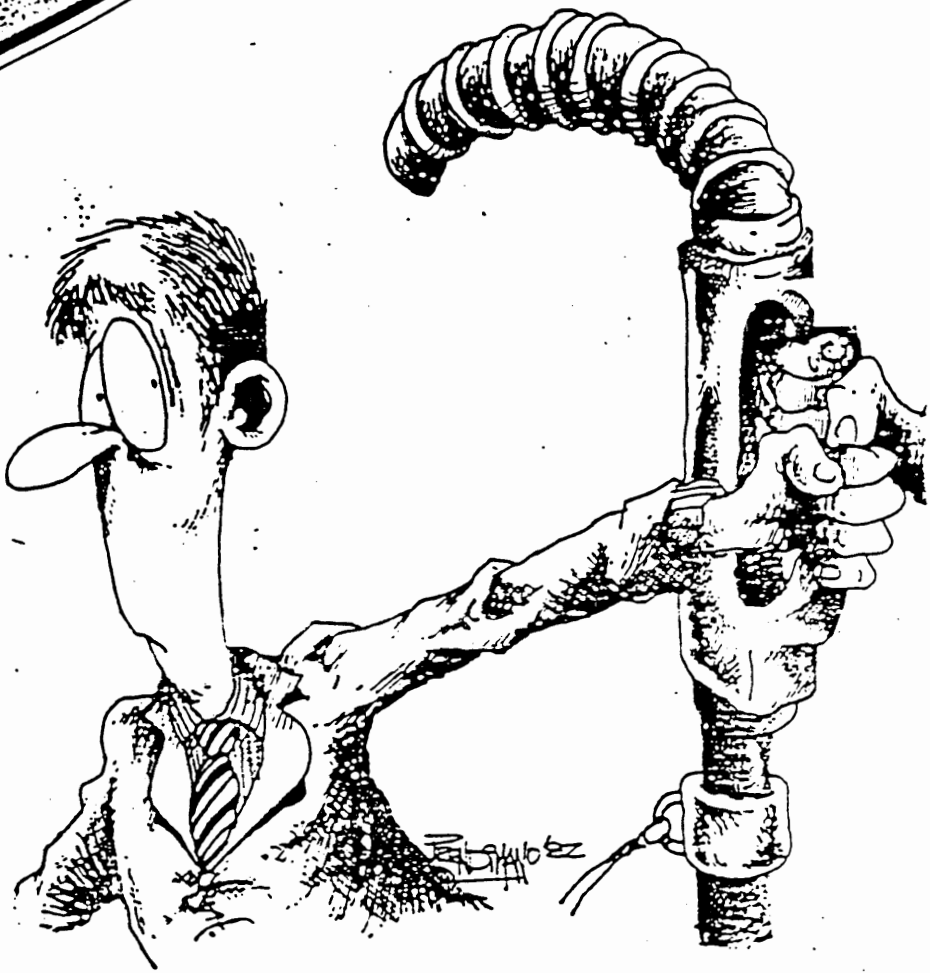
In recent statements, proponents of self-service such as Shell Oil Company proclaimed a .05 cents savings, yet at the same time their retail dealers were selling at only .03 cents above cost. Another proponent claimed a .07 cents potential saving. If these were true, the gasoline dealer would have to pay the consumer for buying gas. In surrounding states, it's a question of semantics. Was the self-service price lowered or the full-serve price raised?

At the legislative hearing in Trenton, the committee was challenged to visit Pennsylvania and see the proof that with all differences in taxes being considered, the self-serve price wasn't any lower than the full-serve price in New Jersey.

Proponents claim that New Jersey should have what 48 other states have.

- Only four states had laws forbidding self-serve and it just moved in.

Now many cities in Pennsylvania, Connecticut, Massachusetts and New York to name a few, have had to resort to ordinances based on safety in an attempt to reverse the trend and the costly path through the courts where they have been held.



are two that have annual attempts to legalize it.

The real reason is not only safety but the demise of the neighborhood station and, with it, the unavailability of repairs and emergency service. This cannot be replaced by the mass marketer who follows the path of the supermarkets, shopping centers and super pumpers out to the major highways. The fact that the self-service bill presently proposed does not require both full and self service islands will only accelerate the closing of the local stations.

**WHEN IT'S REALIZED** that 70 percent of all the stations are owned, or their leases controlled, by the major oil companies, their power is awesome.

One flick of a pen and one or many stations could be wiped out. One major company has over 100 stations on their dispose list. There were 6,000 stations in 1963, 4,800 in 1981 and it's expected to be 4,000 by 1988.

The big oil companies are in favor of high volume, gas only, self serve stations as they are more conducive to being directly operated by themselves. If you would believe that 16 major companies would be more competitive than 4,000 small independent retailers, let's look at the record again. In the wholesale price of gasoline and heating oil they follow each other up or down as night follows day with only fractions

Proponents claim self-serve would be more convenient, a time saver.

Let's look at the picture of the new self-serve stations. It's a multi-island station with computerized pumps and the cashier encased in the proverbial bomb shelter as a protection against holdups. You are required to leave your car to prepay your purchase lest you pull out without paying. If you desire a fillup, you leave a credit card or a large sum of money. Then you gas up your car, returning for your credit card or change.

One consumer posed the question of protection from a four-wheeled cowboy who grabs her purse and rides off into the darkness. It has happened.

The computerized pumps are so efficient they can be programmed for day or nighttime, rush hour and slow period pricing, and changed from an oil company control center miles away.

As for safety, it has to be self evident that there is greater potential for problems between an experienced attendant pumping gas or hundreds of individuals as well as the mother who has to decide which of her young sons gets the thrill of filling up the family car.

The proposition of it being the consumer's free choice is questionable in view of the oil companies' past and present practices of producing, refining, pricing and control of our energy re-

  
**Come to  
Shell for answers**

Regular use of Self Serve *without* proper car maintenance may cost you more than you save. This book shows you how to do maintenance checks, as well as how to fill your own tank. ©1979 Shell Oil Company

Every year more and more drivers discover Self Serve as a convenient and economical way to buy gasoline. And every year, it seems more cars pull into my station — or get towed in — needing costly repairs that probably could have been avoided. Personally, I think most drivers using Self Serve simply aren't taking the time to properly *maintain* their cars. They think they're saving money. But, by neglecting maintenance, they really aren't.



*While showing this mother and daughter how to identify and check the windshield washer reservoir, I gave them a Self Serve courtesy tip: do the maintenance checks away from the gasoline island. That leaves room for other drivers to pull up and fill their tanks.*



*I stressed the safety aspects of Self Serve with the students. I warned them not to smoke in the station, and to watch out for hot engine parts.*

Recently, I invited several students from a high school Driver's Education class to visit my station. First, I showed them how to use the gas pumps. Next, I pointed out the items they need to check periodically to help keep their cars in shape.

Then those same items were checked on 100 Self Serve customers' cars. The test results were disturbing, but not unexpected since they showed a general neglect of maintenance. Of the 100 cars:

- 56 were at least a quart low on oil
- 34 were low on radiator coolant
- 27 batteries were low on water
- 29 needed power steering fluid
- 28 needed brake fluid
- 33 had at least one tire well below recommended pressure levels.

In writing this book, I've included the information I gave to the students. It helped them realize the responsibilities of using Self Serve. And I hope it will help you, too.

This article printed in a Shell customer booklet is one example of how self service can be costly to a consumer.

One other survey suggested a self service motorist patronize a full service station once a month or after four purchases of gasoline.

With an average purchase of 10 gallons every 4 weeks at 20¢ more per gallon full serve price, it would cost \$26.00 more. Again, where is the saving!

# Jersey gas cheapest nationwide

WASHINGTON (UPI)—New Jersey has the lowest statewide gasoline prices in the continental United States, according to a survey by the American Automobile Association (AAA).

In the Garden State, the average gallon of gasoline costs \$1.12. The highest prices inside the continental United States were reported in Arizona where a gallon sold for an average of \$1.34.

Prices in Hawaii were even higher with full-service regular averaging \$1.43 and unleaded \$1.51. Self-service regular averaged \$1.20 and unleaded \$1.29.

The reports were included in a nationwide survey that found prices at the pump rose more than 5 cents a gallon nationwide since Easter to an average of \$1.25.

Despite the increase, it will cost about the same this Memorial Day to fill up as it did a year ago.

The finding was bolstered by a Bureau of Labor Statistics report, also issued yesterday. Despite a 2 percent jump in price in April, the report said gasoline prices were still 1.2 percent below what they were a year ago.

The Labor Department said the 2 percent hike in gasoline prices in April was the sharpest gain in two years. The report covered Bergen, Essex, Hudson, Middlesex, Morris, Passaic, Somerset and Union counties.

The survey conducted by the AAA also found:

- Full-service prices now average \$1.29 for regular and \$1.35 for unleaded gasoline, up 4.4 cents and 4.1 cents respectively since April 2.

- Self-service prices jumped 6.2 cents for regular to an average of \$1.14 and unleaded jumped 6.6 cents to \$1.21 a gallon.

- Premium unleaded rose 4 cents to \$1.45 at full-service stations and to \$1.32, up 4.8 cents, at self-service stations.

- Diesel fuel is up 1.9 cents at \$1.26 a gallon and now costs 3.4 cents more a gallon than it did a year ago.

- It costs an average of 14.5 cents more to purchase gas at a full-service station than when you pump it yourself.

A few weeks ago the difference between full-service and self-service stations was a record 16.7 cents. Analysts say the narrowing of this gap indicates the fuel supply may be coming into balance with demand.

The AAA survey was based on 6,000 service stations along major travel spots. It showed that 30 percent of the stations offer discounts averaging 4

THE STAR-LEDGER, Wednesday, May 22, 1965

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# Kissing 'check your oil?' and 'thanks' goodbye.

**M. R. MONTGOMERY**

You may recall the major television advertising campaign for Exxon, which used to be Esso, those letters meaning Eastern States Standard Oil. Exxon doesn't mean anything. It was a collection of letters generated by a computer and approved by a customer-relations expert. For some reason, the letter "x" is very big in corporate name-changes. New England Telephone is NYNEX. US Steel became USX, and imports its steel from Korea.

The campaign was to introduce a visibly palpitating public into the exciting world of Exxon, after nearly a hundred years of Standard Oil. And the theme of the campaign was that nothing of interest had happened in South Harbor or Harleyville except the big news that Esso was Exxon, now. Things would be the same, by cracky, that was the message. Fred and Billy Bob would still be down there adjusting tappets, under the Exxon sign.

Well, say goodbye to what was. A half-dozen Exxon dealers in our neighborhood are changing the signs again, because Exxon has declared that it will sell no gasoline and make no credit available to small stations. The one I deal with is typical: two hydraulic lifts in the service bays, four pumps, and people banging on frozen brake drums and rusted-out exhaust pipes. In 20 years on the corner, the greatest volume of gas they ever pumped was 32,000 gallons in a month, and that was before OPEC got us by the short hairs.

Exxon told the owner it was 50,000 gallons a month or he could go fish. So now it's Mobil. This is not because Mobil is in favor of the community gas station and service garage. It won't even be Mobil gasoline, it'll be whatever

he can get from a middle man. Mobil's contribution will be the credit card and the credit system that goes with it.

If Exxon owned or leased the property, he would be fishing. Fortunately, he leases it from a local real estate company, and they're happy to have a businessman on the corner who pays his rent on time.

The average small station marks up gasoline anywhere from 10 cents to 15 cents a gallon. This pays for the kid who pumps it in the car, washes the windshield, and checks your engine's precious mechanical fluids. What the

***The corner gas station is where louts turn into mechanics, and that is an important thing to remember. Practically every man in North America was a lout once, and then learned how to do something useful, like change fan belts.***

oil companies want is one person, on their payroll, sitting in a booth and taking in the money. After all, if the station owner is making money on repairs and road service and so forth, they're not getting any of it, and not getting any of it is what drives big corporations crazy.

A Mobil dealer across town has been told to lower his prices, stay open until midnight, rip out the service bays and put in a mini-mart. In this case, Mobil owns the lease, and he's in serious trouble. "If I wanted to own a grocery store," he says, "I'd own one now."

If the big oil company owns the station, they can sell gasoline for less. This is very good for people who think it's fun to get gasoline on their hands on the way to work. About as many people know how to check automatic transmission fluid levels as know how to skink a mink. There are more guns in glove compartments than tire-pressure gauges.

What we have here is the decline and fall of the service sector, which is supposed to be the savior of the American economy.

Worse, we lose the on-the-job training system. Not just education in auto mechanics, but training for life itself. The corner gas station is where louts turn into mechanics, and that is an important thing to remember. Practically every man in North America was a lout once, and then learned how to do something useful: like change fan belts. And they learn how to say "thank you." It is not necessary to learn how to say "thank you" sitting inside a booth with a handwritten sign on it reminding the customer that the money is locked in a safe, and the attendant has no key.

What can you learn how to do in a self-service gas station? You don't even learn how to count good; the pumps and the automatic change-calculating cash register do that. Working in a service station teaches you how to look out for the customer's interests. Working in a self-service station just teaches you: how to look out for the customers.

Louts go to work in big corporations now, where they hire other people to say "thank you." These are people who can't change a battery cable, but who have graduated from customer-relations programs. And a "thank you" from a customer relations expert is about as sweet as a kiss from a duck.

*Boston Globe 27 July 87*

*M.R. Montgomery is a Globe columnist.*

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# AS READERS SEE IT

## Self-service gas stations: N.J. doesn't need them

Re: Article in which Mike Kirschner advocates self-service gas stations for New Jersey (C-P 7/9). I didn't realize that New Jersey and Oregon are the only states that do not permit self-service stations.

Congratulations, New Jersey, for not permitting such gas stations. Before the famous "oil embargo" of the 1970s, gas stations were known as service stations. Those were the days when you could pull into a station, get your tank filled up, have the oil checked and windows washed.

Then all of a sudden the oil companies came up with the brainstorm of saving the consumer money with self-service. This idea worked in the beginning when the consumer accepted the savings idea and started to do the work of the gas station. Out the window went the service at the service stations.

After the service was discontin-

ued, the price of gasoline also went up drastically to where there is no longer a savings for self-service.

I am a traveling salesman and have fueled up in many out-of-state gas stations. I try to make it back to New Jersey as soon as possible. While in Baltimore last month, I stopped at the self-service station during a thunderstorm. I pulled into the full-service lane rather than get soaked. For this service, I paid 75 cents more than if I got out of my car and serviced my own car.

Thank you, New Jersey, for keeping me in my warm and dry car.

JOSEPH L. NOVAK  
Marlton

### Won't help consumers

I note with concern the action by Kirschner Oil Co. to force self-service gas stations in New Jersey.

I have spent over 40 years driving for business and pleasure, often in self-service states. The imposition of self-service is contrary to consumers' interest. It can only benefit oil marketers.

Self-service offers no savings to consumers. In fact, self-service in other states is higher than our full-service. Then a 20- to 35-percent markup is added for full-service.

To compound the insult, self-service stations often require you to go in and pay in advance. There is also the effect on employment, safety, the elderly, the handicapped and emergency service.

A move to self-service offers New Jersey consumers no economic advantage. It is just another step to reduce the quality of life.

J. EDWARD LAMPMAN  
Haddonfield

# The Times

TRENTON, N.J. MARCH 24, 1985

## Self-service gas stations? No thanks

I see that one of our senators has nothing more to do than wish an additional hardship on the voters he is supposed to represent. I refer to the proposal for legislation that would permit New Jersey gasoline stations to join the 48 states that presently inconvenience their citizens and those who travel throughout their borders. He wants New Jersey to allow self-service stations.

We have traveled through many of the states over the past two or three years and find two basic facts to be

true. 1. Gasoline prices are higher in those states than in New Jersey, even with the motorist pumping his own gas. 2. The so-called attendant is concerned only with collecting the money. He will not move out of his cozy little booth or other secure sheltered area, while you struggle in all kinds of weather to pump gas (forget about needing oil). When you are through, you must make another trip in the rain or snow, cold or heat, to settle the bill. All this inconvenience to pay a higher price or, at best, the same price.

Who is benefited by this system? Not the motorists, not the employees who stand to lose their jobs. Perhaps the owners of the stations may benefit, but I understand that they are not anxious for the change.

Our friend the senator claims that New Jersey is out of date, along with one other state. If better prices, more convenience, and better employment are out of date, then please give us the old-fashioned concept.

Gibson LeRoy  
Trenton

NEW YORK, N.Y. 10022  
(212) 752-3322

THE JIM BRANCH REPORT #4018

TOPIC: "SELF SERVING SELF SERVICE"  
(Gas Stations)

ANNOUNCER: JIM BRANCH

DATE: TUESDAY, JULY 20, 1982

IF YOU LOOK CLOSELY AS YOU DRIVE ALONG ROUTE FOUR IN NORTHERN NEW JERSEY, YOU WILL FIND TWO NEW GASOLINE STATIONS OWNED BY A MAJOR OIL COMPANY ON BOTH SIDES OF THE HIGHWAY. IF YOU LOOK CLOSER YOU'LL SEE THEY ARE BUILT IN THE CHARACTERISTIC MANNER OF SELF SERVICE GASOLINE STATIONS...LOTS OF PUMPS AND A SMALL CLOSET SIZE CHASHIERS BUILDING, NO GARAGE, NO EQUIPMENT THOUGH THEY'RE STILL AGAINST THE LAW IN NEW JERSEY. AND IF YOU LOOK CLOSER STILL YOU'LL SEE THE WORDS "EXPRESS SERVICE" OVER THE PUMPS...AND SOME DRIVERS PUMPING THEIR OWN GAS...THOUGH THAT'S STILL ILLEGAL. THE MAJOR OIL COMPANIES OBVIOUSLY HAVE SOME FRIENDS IN TRENTON...AND THERE IS A MOVE AFOOT...TO ADD NEW JERSEY TO THE LIST OF STATES TAKING PART IN THIS MONUMENTAL RIP OFF. I'M NEWS DIRECTOR JIM BRANCH AND I'LL TALK ABOUT SELF SERVING SELF SERVICE ON THE JIM BRANCH REPORT FOR WRFM.

NEW JERSEY STATE SENATOR FRANK GRAVES OF PASSAIC IS THE SPONSOR OF A BILL...ONE OF MANY...THAT WOULD PERMIT STATIONS TO ALLOW CUSTOMERS TO PUMP THEIR OWN GAS...SUPPOSEDLY AT A GREAT FINANCIAL SAVINGS TO THE CUSTOMER. GRAVES NOTES THAT NEW JERSEY AND OREGON ARE THE ONLY TWO STATES IN THE UNION THAT DO NOT HAVE SELF SERVICE STATIONS. THE BIG OIL COMPANIES ARE MUCH IN FAVOR BECAUSE THEY ARE INTERESTED IN BUILDING AND BUYING AND SUPPLYING STATIONS THAT DO NOTHING BUT PUMP HIGH VOLUMES OF GASOLINE. THOUGH THE MAJOR OIL PRODUCERS HAVE BARELY BEGUN SWITCHING FROM SUPPLYING INDEPENDENT OWNERS TO THE COMPANY OWNED STATIONS...THE INDEPENDENTS ARE CONVINCED IT WOULD ONLY BE A MATTER OF TIME WHEN THE HIGH VOLUME COMPANY CROWD WOULD REFUSE TO RENEW CONTRACTS WITH THE FAMILY OWNED BUSINESS. THESE SKELETONS OF STATIONS IN NEW JERSEY THAT HAVE BEEN GOING UP LATELY ARE OWNED BY THE BIG OIL COMPANIES. BUT GRAVES SAYS IT WILL MEAN LOWER PRICES FOR THE CONSUMER AND NOTES THAT EVERYWHERE THERE ARE SELF SERVICE STATIONS...THE PRICE IS LOWER THAN THE FULL SERVICE ISLAND. HOW TRUE, HOW TRUE. BUT SENATOR GRAVES HAD BETTER TAKE A CLOSER LOOK AT THE PRICES AT THE SELF SERVICE ISLAND AND THE FULL SERVICE ISLAND. THE STATISTICS SAY SELF SERVICE IS ELEVEN PERCENT LOWER ON THE AVERAGE THAN FULL SERVICE. BUT

Jim Branch Report #4018  
"If Serving Self Service"  
sday, July 20, 1982

Y'RE USING THE WRONG SEMANTICS. THEY SHOULD SAY THE FULL SERVICE IS ELEVEN PERCENT HIGHER IN THE SELF SERVICE. NEW JERSEY'S FULL SERVICE GASOLINE PRICES ARE COMPARABLE TO OTHER STATES SELF SERVICE PRICES...WITH THE EXCEPTION OF TEXAS AND OKLAHOMA...WHERE THE STUFF IS PLOPPED OUT OF THE GROUND. WHAT HAPPENS IS...JUST AS SOON AS STATIONS GET SELF SERVICE...THEY FIND OUT THEY CAN CHARGE EXACTLY WHAT THEY WERE CHARGING BEFORE AND MAINTAIN A MUCH SMALLER STAFF AND LESS EQUIPMENT...THUS PROVIDING FOR HIGHER PROFITS. IN NO TIME AT ALL...THE STATIONS WHO WERE BOTH...IMMEDIATELY RAISE THE PRICE OF FULL SERVICE TO A LEVEL THAT WILL DISCOURAGE ANYONE FROM BUYING IT...BECAUSE THEY DON'T WANT TO HAVE TO HIRE EXTRA PERSONNEL. THEY WANT THE QUICKEST TURN-AROUND AT THE LOWEST COST. EVEN THE PROFITABLE AUTO REPAIR BUSINESS HAS BEEN REDUCED CONSIDERABLY IN SELF SERVICE STATES WHEN STATION OWNERS LEARNED THEY COULD MAKE AS MANY BUCKS FOR A FEW HOURS LESS WORK BY JUST LETTING THE CUSTOMER PUMP THE GAS. IN ADDITION...BECAUSE OF CRIME AND ROBBERIES...MOST SELF SERVICE STATIONS IN ANY KIND OF URBAN OR SUBURBAN AREA...HAVE PROVIDED UNBREACHABLE FORTRESSES FOR THE CASHIERS FOR THE COLLECTION OF THE FEE. NOW IN MOST URBAN AND SUBURBAN AREAS OF SELF SERVICE STATES...YOU HAVE TO GO AND PAY IN ADVANCE...BECAUSE THERE IS NO EASY WAY TO AVOID THE DANGER THAT YOU MIGHT DRIVE OFF WITHOUT PAYING. NO LONGER CAN YOU JUST FILL-ER-UP. EVEN IN THIS IS CLEARLY A METROPOLITAN AREA, AND THESE FEATURES WOULD BE QUICKLY IMPLEMENTED. IN ADDITION, YOU MUST PUMP YOUR OWN GAS...OR PAY THE HIGHLY INFLATED FULL SERVICE RATE THAT NOBODY WANTS TO BOTHER WITH...EVEN WHEN IT IS TEN DEGREES BELOW ZERO AND THERE'S TEN INCHES OF SNOW ON THE GROUND. AT THAT POINT YOU'LL PAY ANYTHING FOR FULL SERVICE...WHICH IS WHAT YOU'LL BE CHARGED. ALSO...IN STATES WITH SELF SERVICE...THE FULL SERVICE ALTERNATIVE HAS ALREADY DUALY DISAPPEARED...BECAUSE MOST STATIONS DON'T WANT TO BOTHER WITH THE SLOWER FULL SERVICE OR PAY THE ADDITIONAL SALARY FOR SOMEONE TO PUMP. SO THEY JUST DROP IT ALL TOGETHER. BUT THE BIGGEST AND PHONIEST CLAIM OF ALL BY THE SUPPORTERS IS THAT IT WILL SAVE YOU MONEY. FOR THE USE OF YOU, WHO LIKE MYSELF, DO A LOT OF DRIVING AROUND THE COUNTRY...YOU KNOW THAT THE PRICE YOU PAY FOR GASOLINE AT NEW JERSEY FULL SERVICE STATIONS IS ABOUT WHAT YOU PAY IN OTHER STATES FOR SELF SERVICE. NOW THE BIG COMPANIES MAY DISCOUNT THEIR PRICES DURING THE DRIVE TO OBTAIN APPROVAL OF THEIR PLAN IN NEW JERSEY...BUT DON'T BE FOOLED. IT'S JUST ANOTHER WAY OF DELIVERING LESS SERVICE FOR THE SAME, OR A HIGHER PRICE. THIS HAS BEEN THE JIM BRANCH REPORT

WRFM.

NEW YORK, N.Y. 10022  
(212) 752-3322

THE JIM BRANCH REPORT #6035

TOPIC: "SELF SERVICE"  
(Gas Stations/New Jersey)

ANNOUNCER: JIM BRANCH

DATE: FRIDAY, SEPTEMBER 7, 1984

AND ONCE MORE, THE VOICE OF THE TURTLE CAN BE HEARD THROUGHOUT THE LAND. THE OIL COMPANIES ARE GEARING UP FOR SELF SERVICE IN NEW JERSEY, CONFIDENT THEY CAN BUY OFF THE LEGISLATORS WITH CAMPAIGN CONTRIBUTIONS SO THAT THEY WILL REPEAL THE LAW THAT FORBIDS SELF SERVICE STATIONS IN THE GARDEN STATE. AND SO THAT THEY CAN PERPETUATE THE FALSE IMAGE THAT SELF SERVICE STATIONS SAVE THE PUBLIC MONEY. I'M NEWS DIRECTOR JIM BRANCH AND I'LL TALK ABOUT SELF SERVICE ON THE JIM BRANCH REPORT FOR WRFM.

THERE HAS BEEN A MAJOR OVERHAUL IN THE LAST TWO YEARS EVIDENT AT COMPANY OWNED SERVICE STATIONS IN NEW JERSEY, ONE OF THE LAST TWO STATES IN THE U.S. THAT DOES NOT PERMIT SELF SERVICE GASOLINE STATIONS. THE STATIONS ARE OBVIOUSLY BEING REMODELED WITH SELF SERVICE IN MIND, WITH THE PUMPS LINED UP IN A FASHION FOR PUBLIC PUMPING. NOW THE OIL COMPANIES ARE BRAGGING THIS SUMMER THAT THE GASOLINE PRICES AT THE SELF SERVICE ISLAND ARE SIXTEEN CENTS BETTER, ON THE AVERAGE, THAN AT THE FULL SERVICE ISLANDS IN THE STATES THAT DO ALLOW SELF SERVICE, THUS THEY SAY THEY ARE SAVING THE PUBLIC THAT MUCH MORE MONEY. WHAT THEY DON'T SAY IS THAT THE PRICE OF FULL SERVICE IN NEW JERSEY IS BETTER THAN ALMOST ALL OF THE SELF SERVICE PRICES IN OTHER STATES, AND THAT IT ISN'T A SIXTEEN CENTS SAVINGS THEY'RE TALKING ABOUT, BUT A SIXTEEN CENTS PENALTY ADDED ON TO THE GASOLINE PRICE, TO AVOID HAVING TO SERVE YOU. THE STATIONS IN NEW JERSEY MAKE A GOOD PROFIT ON THEIR GASOLINE, WITHOUT ADDING AN ADDITIONAL SIXTEEN CENTS. IT'S LIKE THE MONEY YOU ALLEGEDLY SAVE FOR PAYING CASH FOR GAS. THAT TURNS OUT TO BE ADDITIONAL PENALTIES ADDED FOR USING YOUR CREDIT CARD. AGAIN, THE CONFLICT SEEMS TO BE OVER WHETHER TO CALL IT A PENALTY OR A SAVINGS. SINCE SEVERAL COMPANIES ARE COMPETITIVE, CHARGING THE SAME PRICE FOR CREDIT PURCHASES THAT THE OTHER COMPANIES CHARGE FOR CASH ONLY, IT WOULD APPEAR THE WORD PENALTY IS A BETTER ONE THAN THE WORD SAVINGS. DO YOU HONESTLY

# Lawyer Says ARCO Took Him to the Cleaners

**G**as at \$9 a gallon? Sounds ridiculous, but that's what Scott Olin wound up paying at an ARCO self-serve last week.

Olin, a Center City attorney and experienced self-pumper, stopped at the ARCO serve-your-own, Cottman and Lawndale avenues, to fill up his tank. His gas meter was registering dead on empty because he had just returned from a 200-mile round trip to Pottsville. He paid the attendant for \$10 worth of the regular and went to pump his own.

The attendant inside the mini-market should have activated the tank for \$10, but Olin wasn't convinced that he was given his money's worth since the pump shut off when it reached \$7. And that's when the excitement began.

Olin waited for about a minute and a half after the shut-off and then plucked the nozzle from the car's tank to hang it up and report the rip-off to the attendant. But as the nozzle was making its way back to the holder on the side of the pump, the gas started to flow again. It sprayed all over Olin's hair and suit, also the hood of the truck parked directly behind him.

"A very large Rocky type," says Olin, stormed out of the truck and started ranting about the finish on his truck's hood, which was now blistering and cracking. The hood had just been painted and gasoline on fresh paint does funny things like that. And the truck driver started suggesting funny things that he had in mind for Olin's car.

The truck driver decided that the whole mess would be forgotten if Olin would pay him \$150 to cover the cost of repainting the hood. Olin didn't like the deal and the truck driver liked Olin even less for that. That's when Olin decided that the police ought to hear what was happening.

The police arrived and wrote up a formal complaint in which Olin agreed to pay the truck driver for the

damage to the hood. The deal was set for \$60. Olin paid it the next day.

Olin couldn't resist telling me the story, especially since he wanted to know if I thought that the truck driver should be paid.

There was no doubt in my mind that the truck driver should be paid, but Olin wasn't the one who should be doing the paying. I recommended that Olin approach ARCO for the money. After all, the pumps belong to ARCO and so a malfunctioning one should certainly be their responsibility.

So Olin called ARCO. Customer service reps, two of them, were friendly, courteous, and sympathetic. But both of them told Olin that there was nothing that could be done for him. They also told him that malfunctioning pumps happen from time to time and cause problems for the consumer. But never did they suggest an investigation of the pump to find out if the pump had somehow failed to do its job.

I started thinking about cheaper gas at self-serves. If the gas companies weren't going to stand behind their consumer-operated equipment, then self-serve, for the money it saves, just wouldn't be worth it.

So, I put a call in to the public relations office at ARCO. If there was anyone at the company who would clear up this mess and get Olin his money back, it was a public relations officer. PR people work to make their companies look good.

The PR rep suggested, right off the top, that Olin might have been the one that malfunctioned. Maybe the pump was working all along, he argues, and maybe Olin's tank was too full to accept \$10 worth of gasoline. I presented, in Olin's place, all the arguments. Like why would Olin have removed the nozzle before the \$10 was registered, and how could the tank be full and shut off the pump at \$7 if the man had just returned from a trip that ran his tank to borderline empty?

So a tank investigator was sent out to determine whether or not the pump did, on that fateful day, malfunction. No money for Olin, said the PR rep until the investigation was concluded.

I gave them a week. And the results are in. I don't have any details of the pump investigation, but obviously someone determined somewhere along the line that Olin wasn't the one who malfunctioned. A check for \$65 will be in Olin's hand within the next week.

But too bad ARCO didn't give carte blanche to its customer service reps to award money up to reasonable limit — \$100, let's say — to consumers who have been abused by the self-service pumps. Olin agrees that the arrangement would make a lot of sense.

"I didn't want this issue to end up in court. Then we'd end up blasting each other and wasting a lot of time and money.

"I tried to reach an amiable agreement through proper channels at ARCO, but I was rebuffed for my good intentions," says Olin.

tion owner, swivel manufacturer among those expected to be charged

# lawsuit imminent in service station burn victim tragedy

By George Soules

**O**n January 14, 1986 Susan Long walked into the cashier's booth at Gaithersburg Gulf in Gaithersburg, Maryland to wash her hands. A few seconds later she ran out of it—burning alive.

*"I suspect each of the parties would look to others at fault since it's a series of events that led to the horrible disaster."*

—Atty. Neil Axel

Station owner Robert Scheidegger rushed to douse the flames that enveloped Long's body but the ghastly damage had been done. Long was rushed by helicopter to the Washington Hospital Center in Washington, D.C., where she was placed on the critical list, suffering

second and third degree burns over 60 percent of her body.

Long survived. However, the responsibility for her accident is just beginning to rear its litigious head.

When Long entered the kiosk at the self-serve station, her clothing was wet—it had been sprayed by gasoline when the OPW 33-C swivel (like the one pictured above) on the pump she was using came apart. Inside the booth, Long came into contact with an electric space heater which ignited her clothing.

Questions immediately come to mind. Was the heater defective or poorly situated? Did the station's personnel respond properly and expeditiously to the incident?

According to the report filed by Montgomery County (Maryland) Fire and Rescue Services agent Sergeant Douglas Alexander, the station attendants acted correctly, and no fire code violations were found at the facility.

FROM: "MERCHANDISER" Two/1987,  
a quarterly magazine published  
by the Amoco Oil Company.

THE JOURNAL-NEWS, TUESDAY, FEBRUARY 2, 1988

# Gas attendant burned as gasoline, car ignite

**Pati Nash**

Staff Writer

A 17-year-old attendant at the Mobil Wash, Route 59, Nanuet, was recovering Monday from burns he suffered Sunday when a car being filled by a motorist burst into flames.

Christopher Clarke of 167 Parrot Road, West Nyack, received second- and third-degree burns on his hands, face, neck and back when the auto at the self-service station ignited shortly after 8 p.m., police said.

Clarke said he noticed that gas was spilling on the ground and yelled to the attendant. Moments later, he said, he was engulfed by flames in the cashier's booth.

"One of the doors wouldn't open,"

Clarke said. "I ran through the flames, and I was on fire. I jumped in the snow and started rolling around."

Nanuet Fire Chief Socky Trojahn said the probable cause of the fire was fumes leaking from the gas tank hitting the exhaust system.

The motorist, who was not identified by police, was uninjured.

Trojahn said the car wash was slightly damaged, along with the car.

Clarke said he didn't panic, but that when one of the tires on the car popped, he thought the pumps were about to explode.

A Clarkstown police officer in a patrol car observed the fire and called the Nanuet Fire Department. Firefighters had the fire under control within five minutes after they arrived.

## You can't take it with you

Bonnie Lee Wilson forgot about the self-service pump nozzle in her car's tank after she purchased gasoline at a competitor's station in Leesburg, Fla. She drove into a congested intersection with the nozzle wedged in the tank and gasoline spewing behind her car. When flames erupted, Wilson jumped from the moving vehicle and ran to safety.

Glenn Strickland, an attendant at Smith's Amoco station across the street, saw the flames and reacted — fast. Strickland hurdled a hedge, ran into the busy intersection, jumped into the car, which was moving about 20 miles an hour, and stopped the vehicle. He pulled the nozzle from the gasoline tank, while the pump — about seven feet away — burned. He then ran back to his station, got a fire extinguisher, and put out the blaze before the Leesburg fire department arrived. No one was injured.

The dealer at the station where the mishap occurred said the nozzle from the pump had been wedged tightly into Wilson's tank. When she drove away, the nozzle stuck in the tank and pulled down the pump. An automatic safety valve closed off the main fuel line in the base of the pump and prevented a major gasoline spill.

When asked about his heroic effort, Strickland attributed it to instinct. "I saw this car going down the highway and no one doing anything to stop it. So I did," he said. ■



Glenn Strickland, an attendant at Smith's Amoco in Leesburg, Fla., prevented disaster with heroic action.

## Boy, 3, backs car, killing grandmother

Associated Press

GLEN BURNIE, Md. — A 3-year-old boy in an idling car at a gas station put the vehicle in reverse and it backed over his grandmother, killing her, police said.

When the car started to drift backward Friday night, attendants heard 3-year-old Irene T. Phillips yell and saw her put her hands on the back of the car to try to stop it.

The attendants saw two young children and a woman in the front seat, said station manager Phil Bailey.

"She yelled for someone in the car to hit the brake and apparently they hit the accelerator instead," said Bailey, who wasn't at the station at the time.

The attendants said the woman turned and ran but remained in the car's path. She tripped and the car ran over her.

Phillips, of Severn, was pronounced dead on arrival at the Shock Trauma Center in Baltimore.

Police said Phillips had placed the gear shift in the park position when she went out to pump her own gas, but left the motor running.

## GAS SPLASH-BACK

CINDA KOCHEN  
BOULDER, COLO.

We had just finished filling our car's gas tank when we heard the mother and her little boy scream. My husband and I stood there dumbfounded — the woman was speaking Arabic and we couldn't understand her. Finally she blurted out, "Gas, eyes!"

The child had gotten out of the car to watch his mother fill up the tank. The mother began squeezing the pump handle before the nozzle was completely inserted in the tank. The force of the gasoline coming from the hose hit the metal flap just inside the tank, causing gasoline to splash back on her skirt and into the eyes of her watching child.

While my husband carried the terrified child to a nearby spigot and flushed his eyes with water, I ran to the station to call 911, our city's emergency number.

When the ambulance arrived, the paramedic continued flushing the boy's eyes, using a saline solution. He also removed the boy's clothing, explaining that the fumes from his gasoline-soaked shirt were being inhaled and could cause asphyxiation as well as irritate the skin. The boy was then taken to the hospital for observation and to check if he had swallowed any gasoline.

Now whenever we get gas, we make sure our children are out of the way and that the nozzle is fully inserted before squeezing the handle. ■



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# OILGATE:

## ARCO MONEY FUELED POLL

**NEW BRUNSWICK** — The results of an Eagleton Poll showing New Jersey residents favored self-service gas stations by a 2-1 margin have come under fire and an "Oilgate" uncovered.

The highly respected and taxpayer-supported Eagleton Poll of Rutgers University accepted money, favors and statistical input from Atlantic Richfield Co. lobbyists campaigning to repeal the state's ban on self-service gasoline stations, according to interviews with principals involved.

Although Eagleton disclosed that Arco Petroleum Products Inc. paid for the poll, the extent of Eagleton's cooperation with the division of Atlantic Richfield Co. was not widely known. For example:

- Arco paid for the director of the poll to testify about the poll's results before a legislative committee considering a bill repealing the ban on self-service gasoline stations.

- Arco had a major role in formulating the questions used in the poll.

- The poll staff accepted Arco's assertion that self-service gasoline is cheaper than full-service gasoline and included that assertion in the poll questions.

- Arco directed Eagleton to release the results of the poll to the public and the news media shortly before the committee hearing, but could have delayed release of the information for up to a year.

- Arco directed Eagleton to mail results of the poll to all state legislators, including committee members considering the bill, about a week before the panel's hearing.

**CLIFF ZUKIN, DIRECTOR** of the Eagleton Poll, defended the poll's relationship with Arco, saying that the poll provided useful information to the state legislators on a matter of public interest.

Barbara Dawson, a spokeswoman for Rutgers, said Eagleton had not violated the university's regulations governing contract work with private firms.

Arco paid Eagleton \$7,125 to conduct the telephone survey of 1,025 state residents between May 18 and June 8 as a part of a quarterly poll on four additional topics. Additionally, Arco paid Eagleton \$500 for Zukin's testimony before the July 22 meeting of the Senate Law, Public Safety and Defense Committee. The fee also helped cover increased computer costs associated with the poll.

The committee voted 4-0 to send the bill to the full Senate for consideration.

The 10-year-old Eagleton Poll, a division of Rutgers University, receives state subsidies, such as the use of a university building and other benefits. Zukin's salary as an associate

professor of political science is paid by the university.

**THE POLL IS** widely respected by legislators, state officials and the news media. Stories about poll results are virtually guaranteed the widest distribution within the state.

Arco apparently was aware of the poll's favorable image and its potential value to Arco. In a May 13 memo, Terence Rooke, an Arco executive, wrote other oil company officials to solicit questions they might want to add to the poll.

In the memo Rooke said, "The study is being conducted by the Eagleton Institute of Politics, a research organization within Rutgers University. This organization is well known and well regarded among government officials in the state of New Jersey."

Sen. Frank Graves, D-Passaic, the committee chairman, said he was impressed with the poll's findings.

"If the results of the poll had been opposite, I would have voted against my own bill," said Graves.

"I felt the bill had more credence based on the Eagleton Poll. If it had been the A-B-C Polling Co., I would have been skeptical. But because it is Eagleton, it is respectable."

**ARCO WAS THE** first major oil company to establish self-service gas stations — where motorists pump their own gas — and urges repeal of the ban in the two remaining states, New Jersey and Oregon, said Stu

McDonald, manager of marketing services in Arco's Los Angeles headquarters.

Arco executives support self-service gasoline because, they say, self-service lowers the cost of gasoline and price is one of the most significant factors in a motorist's choice of brands.

However, opponents of self-service say that the change will not lower gasoline prices, noting that gasoline prices in New Jersey already are among the lowest in the nation. Opponents also fear that self-service gasoline will allow the major oil companies to eliminate small, independent gasoline dealers.

A copy of another Arco memo signed by McDonald and dated July 12 outlines the "strategy" the company planned to use at the July 22 committee hearing, including the use of Zukin's testimony.

In that correspondence, McDonald informed Edward Reilly, an Arco executive, that he was to testify at the hearing.

**"WE WILL ALSO** have the Eagleton representative testify on the result of the self-serve poll which we commissioned. As you are aware, the results of this poll were highly in favor of self-serve. We will attempt to

## Eagleton Poll financed by Arco lobbyists

arrange with the Committee Chairman to have the Eagleton representative testify first to be followed by you," McDonald wrote.

After two state legislators testified at the hearing, the next three speakers were Zukin, a representative of the New Jersey Petroleum Council and then Reilly, according to Jerry Van Horne, an aide to the Senate Law, Public Safety and Defense Committee.

Committee chairman Graves said, "I never had an idea that the Eagleton representative would testify. I was totally surprised that he was on the list."

Zukin said Eagleton agreed to conduct the poll because it met the requirements that the subject was a legitimate question of public policy and that the data, which Eagleton retained, eventually had to be released to the public.

"If we can tell legislators what the public is thinking on an issue they have to decide on, then we are fulfilling our mission," Zukin said.

Zukin said the poll was publicly released two days before the committee meeting to provide legislators with public opinion on an issue they were about to decide upon.

**"LEGISLATORS** are supposed to represent the public and it's occasionally nice to have public input," Zukin said.

However, Zukin said, he doubted Arco would have commissioned the poll "if it didn't believe it would get positive results."

"The poll was professionally conducted as every other poll you've come to expect from Eagleton," he said. "There was enough protection in the agreement (with Arco) to make it irrelevant who paid for it. If we can fill a need for providing public opinion on an issue and guarantee the integrity of the data, then yes, we will work for a private corporation."

The cooperation between Arco and Eagleton included formulation of the questions that eventually appeared on the poll questionnaire.

Rooke, reached by telephone in Arco's Los Angeles office, said he and Zukin had several discussions about the wording of the questions and Arco sent Zukin questions used in a similar poll in Massachusetts. He said the questionnaire was then revised during several phone conversations.

**"HE SENT BACK** to me the questions and we kicked it back and forth," said Rooke. "I can't say whether it was his or my questions, it was both. We discussed them back and forth at length and out of these conversations came the questions. We formulated the questions with final approval vested in Cliff."

"It is normal practice to work with a client to work out the phrasing," said Zukin. "The poll comports with every canon of polling research."

Zukin said that the first two questions of the poll were written by Arco. "We felt they were non-biased," Zukin said.

Nevertheless, one of those questions inserts into the questionnaire the information that self-service gasoline is cheaper than the alternatives — an assertion that Zukin said he accepted based on his own "personal experience and observation," rather than on any particular research.

One of the statements in the questionnaire read: "Self-Service — where you pump the gas yourself and there is no attendant service. At a self-service station you also pay a lower price for gas than you pay for full service."

**LATER, THE RESPONDANTS** were asked: "The state of New Jersey currently prohibits self-service. Do you feel self service should be prohibited or allowed in New Jersey?"

Zukin said that 62 percent of those answering the question felt self-service stations should be allowed while 30 percent felt it should be prohibited.

Jerry Ferrara, executive director of the New Jersey Gasoline Retailers Association, disputed the statement that gasoline was cheaper at self-service stations.

"Taxes being equal, gas can be purchased as cheaply at full-serve stations in New Jersey as it is at self-serve stations in surrounding states and on the East Coast," said Ferrara, who opposes legalizing self-service stations.

Zukin, who said that 95 percent of the poll's \$250,000 annual budget is from polls contracted by state agencies, said that all clients have final approval over the questionnaires.

"If they (Arco) didn't like the questionnaire, they could have cancelled the poll," Zukin said.

# Self-service gas stations opposed for state

DEAR EDITOR:

Re: Self-service gas stations.

Thank you for printing the letter sent to you by H.G. Ingram, manager of public affairs, Texaco Northeast, advocating self-service gas stations in New Jersey.

I have traveled extensively in the last three years and was amazed when I returned to New Jersey and found that regular gasoline was still under \$1 a gallon in most places. I was stricken with pride to hear that New Jersey maintains, according to a recent study, the lowest gasoline prices in the country. It was even more pleasing to have an attendant to pump this relatively cheap gasoline.

In California, there were on many occasions stories in local newspapers that questioned the health risk of pumping gasoline and the inhalation of gasoline fumes.

Somehow Mr. Ingram sees the prohibition of self-service gas stations as discriminatory. This argument just doesn't hold any water. Self-service where there once was "full-service only" will amount to paying the same or more for less.

One needs to look at the difference between "full-service only" prices in New Jersey and those states that have self-service and full-service. Retailers, who would prefer

not to hire an attendant, would raise the price of the full-service gasoline much higher to encourage self-service. This will, without a doubt, affect a segment of our society least prepared to pay the higher full-service fees with very little choice, the elderly and disabled.

The facts remain. Self-service means:

- Less dispensers of gasoline available for the elderly and disabled.

- Opening up masses of the population in the already number one state for cancer to future health risks.

- That although some monetary gain is realized (unlikely) when self-service is first imposed, prices will increase.

- Opening up a segment of our population who can least afford it to higher charges.

At best, someone employed as a public affairs manager sees a mutual benefit of this proposal. Consumers, do not look forward to your end of the bargain.

Julian A. Merriman 2d,  
Linden

THE STAR-LEDGER, Monday, December 24, 1984

## Self-service gas myth

DEAR EDITOR:

This letter is in reply to one recently written by H.G. Ingram, Public Affairs Manager, Northeast, Texaco Co. Ingram is pushing for passage of Assembly Bill 2326, which would permit self-service gasoline stations in New Jersey. It has been my experience, as a traveller who drives in excess of 30,000 miles a year, that self-service stations are an abomination that should never be permitted in New Jersey, or anywhere else. Passage of this bill by our representatives in Trenton will merely mean that Texaco and all other oil companies have sufficiently contributed to the campaign funds of those voting in favor of 2326. And, once again, the public will lose.

For Ingram's benefit, I would like him to know that while I am able to purchase high test gasoline at a full service New Jersey station for \$1.249, I recently paid \$1.549 for the same product at a full service station in Virginia. The self-service pump there was set at \$1.409. Somehow, these figures refute his claim that only varying state taxes account for the higher prices at self-service stations. Is this the kind of "freedom" of choice that Ingram advocates?

Handling dirty, smelly pumps, putting up with injurious fumes and being deprived of under-the-hood checks, while an attendant leans against the pump, are just a few of the many negative aspects of self-service that would be foisted upon us by a careless and reckless vote in the Assembly.

I urge all New Jersey residents to let their representatives in Trenton know that this is a terrible bill, one which would further erode our quality of life.

Peter Gebrian,  
Nutley

THE STAR-LEDGER, Friday, January 18, 1985

## Self-serving Big Oil

DEAR EDITOR:

After 10 years of experience, New Jersey consumers know all too well how helpful Texaco and the oil industry can be. However, here they are again sharing another round of their beneficence. This time, in the form of Assembly Bill 2326—the legislation that would give us the "privilege" of pumping our own gas at an extra six cents a gallon. If the bill is as good as H.G. Ingram, the public affairs representative of Texaco says it is, why didn't it pass years ago? Why aren't people screaming for it again? And who's pushing this bill anyway?

H.G. Ingram states in his recent letter that 48 other states have enacted such a bill. Maybe the New Jersey consumer is smarter than those in the other states which he feels were granted "the most cherished freedom of choice when purchasing gasoline."

Perhaps New Jersey consumers have gotten feedback from other states about the benefits they've received from pumping their own gas. Even better, maybe they've had first-hand experience pumping their own gas in the rain while the attendant sits on his dry perch in front of the cash register anxiously awaiting the deposit of the extra six cents for the privilege.

Robert J. Seery,  
Scotch Plains

# AS READERS SEE IT

COURIER-POST, Friday, January 11, 1985

## Self-service gas stations: The choice is greater risk and higher cost

Texaco's H. G. Ingram, arguing for legalizing self-service gas stations, suggests safety is not a problem (C-P 12/27), but I have observed people gassing up their cars with a lighted cigarette in their mouth, even with no smoking signs posted.

Ingram says self service flourishes in many retail trades. I have yet to see a supermarket, hardware store, discount store, drug store or cafeteria catch fire when a customer makes a purchase while smoking.

Self service gives the consumer freedom of choice to pay a higher price to be waited on than he pays now. While some retailers might want self service, the average service station would have to invest a lot of money to switch — and that would lower the quality of service to customers.

I operated a service station for more than 20 years, and I wouldn't want self service. The elderly and handicapped will have to pay more for gas if self service is approved.

I urge all those interested in their automotive costs to write their legislators and ask that Assembly Bill 2326 be defeated. Since Mr. Ingram works for a large oil company, his interest in this bill is biased against the consumer.

WILLIAM F. SHOCKLEY  
Pennsauken

### Oil company racket

H. G. Ingram contends that the absence of self-service gas stations in

New Jersey denies us a "cherished freedom of choice."

I was ripped off in Virginia at a Texaco station. The oil companies have a racket. You get out of your car after you figure out how much gas the car will take, tell the attendant you want \$10 worth and pay him. In other words, you pay before you get the gas.

I told him \$10, but the tank only took \$9.10 worth. I was refused the 90 cents due me because the sale was already recorded for \$10.

On another occasion, it was raining and I pulled up at the full-service island. The attendant said it was raining too hard, and he didn't want to get wet. So I had to pull to the self service island and get wet.

I urge all citizens of this state to write to their legislators to defeat this bill. It will not help consumers.

DOMENIC GENTILE  
Pine Hill

### Drawbacks ignored

H.G. Ingram's charge that the prohibition of self-service gas in the state is discriminatory is true. It discriminates against the oil companies, not against the consumer.

Does Mr. Ingram know of any consumer organization clamoring for self-service stations?

Note the way in which the elderly and the handicapped were glossed over. What he really said was that if those motorists cannot pump their own, then

they pay the higher price.

The whole scheme of self-service is to put someone in a glass cage to monitor the pumps and take the money in oil company-owned stations which want to do nothing but pump gas. You say you have a flat tire or a broken fan belt? They will not be able to help you.

Self-service will add to the unemployed and allow you to get out of your car in the rain, snow and freezing weather to pump gas. I think the residents of this state have made their choice long since.

RICHARD LEON  
Haddonfield

### Threat to jobs

H. G. Ingram talks about New Jersey's denying consumers "a most cherished freedom of choice when purchasing gasoline."

Self-service would allow us the freedom to pump our own gasoline. People have been waiting for years for this privilege. We'd have the freedom to get out of our warm cars on cold days and freeze. Try putting your hands back in your gloves after some gasoline has spilled on them or the nozzle stinks from gas. It takes a while to air the gloves to get rid of the smell.

Mr. Ingram talks about studies that say the market will be divided into three types of outlets. He doesn't mention which type will predominate. Another fact he doesn't bring out is the

number of gas station attendants that will not be needed. Jobs are scarce now. This will hit the young the most.

I do considerable driving in New Jersey and Pennsylvania. I try to arrange gas purchases in New Jersey because I do not want to pump gas and smell of it when I see a customer.

In Pennsylvania, I have freedom of choice. I can either pump my own gas or have the attendant do it. If the attendant does it, I pay an extra 1.2 to 2.3 cents per gallon, which means between \$1.20 and \$2.30 more per fill-up. The price of gas in Pennsylvania, with my filling my tank, costs more than if an attendant fills it in New Jersey.

Mr. Ingram's "freedom of choice" means that the oil companies will have the freedom to rip off consumers.

H. A. LIPINSKI  
Cherry Hill

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