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(F10)

Marathon markets cleaner gasoline

By Gerald Frawley
staff writer

Gasoline. Petrol. Fuel. Gas. Go Juice. A rose by any name is still a rose, but not according to Marathon Oil.

Marathon Oil introduced a new "reformulated gasoline" on March 26 that it claims will reduce automobile emissions and improve southeast Michigan air quality.

Ed Lodico, Marathon manager of technical services, said the reformulated gasoline — dubbed AmaraClean — will be available in 161 gasoline stations throughout southeastern Michigan. Marathon controls approximately 10 percent of the area's gasoline market.

Available in three grades, Lodico said the gasoline will reduce unburned hydrocarbons by 20 percent and carbon monoxide emissions by 14 percent. The formula changes will not reduce power or harm the engine.

Vapor pressure, a measure of a gasoline's evaporation rate, will be reduced to 9.5 pounds per square inch (PSI) during the summer and 13 PSI during the winter — one PSI lower than EPA standards, he said.

Aromatics, which increase a gasoline's octane, will be reduced to less than 25 percent — industry standards range from 32 to 41 percent, Lodico said.

Finally, the reformulated gasoline will have an average oxygen content of 1.8 percent achieved through the addition of methyl-tert-butyl ether (MTBE). Lodico said. Actual MTBE and oxygen content will vary, but all grades will exceed 1 percent oxygen.

Decreased vapor pressure will reduce the amount of gasoline evaporation into the atmosphere; reduced aromatics and increased oxygen will result in a more complete combustion, he said.

DESPITE THE changes, the Marathon gasoline would not meet the standards proposed in the amendments to the Clean Air Act currently being debated by federal legislators.

A similar, but more complex amendment, was defeated by the senate on March 20.

Edwin Rothschild, environment/policy director for Citizen Action, a public interest group pushing for improved clean air legislation, said Marathon's introduc-



Marathon unveiled its new "AmaraClean" gasoline in the metropolitan Detroit market, making

it the first official entry in the race to lower auto emissions through differently refined gas.

tion of the reformulated gasoline is commendable and underscores his group's argument.

"If Marathon, one of the smaller of the pantheon of big oil companies, can produce a cleaner, equally powerful gasoline, why can't the big companies?"

"It's time the oil companies start taking some of the responsibility, which is what this is all about," he said.

Rothschild noted Marathon's reformulated gas may fall short of some of the requirements of the Daschle-Harkin amendment, but the progress is a step in the right direction.

"What we have here is the smaller companies realizing there is a need and trying to fill it, while the larger companies are ignoring their responsibility," he said.

The main argument against gasoline changes has been it would cost between 15 and 25 cents more per gallon, Rothschild said. "That's insane. Those numbers are not based on any thing factual."

"Marathon is introducing its gasoline at no additional cost — it may increase costs later, but even a few cents per gallon is worthwhile and it proves oil companies can make a better gasoline."

Marathon's Lodico admitted the new gasoline wouldn't match the standards set forth in the Daschle-Harkin amendment supported by the environmental and consumer groups.

ART EMANUELE/Staff photographer

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"I DON'T think anyone can argue this isn't a step in the right direction," he added. "This is a first generation cleaner gasoline."

Lodico said Marathon's decision to test the gasoline in the southeastern Michigan was based on several factors. "First, we're in a unique situation here — we have a new facility at our Detroit area refinery that is capable of producing MTBE."

The Detroit-area refinery is Marathon's only plant capable of producing MTBE. Marathon invested more than \$7 million in the MTBE plant.

Another factor, Lodico said, is southeastern Michigan has been designated by U.S. Environmental Protection Agency (EPA) as an ozone non-attainment area. Wayne, Oakland, Macomb, Monroe, Washtenaw,

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Utility offers cash rebates for upgrades

By Doug Funke
staff writer

Consumers Power Co., natural gas supplier to about half the households in Oakland and Wayne counties, has received the go-ahead from the Public Service Commission to implement a comprehensive energy conservation program for its customers.

The program includes free energy audits, free installation of low-cost, energy-saving conservation devices and cash incentives to upgrade insulation, furnaces and air conditioning systems.

Customers can take advantage of the services on a voluntary basis.

However, all customers will fund the program through a surcharge on their monthly bills — the typical residential gas customer 17 cents, electric customers 11 cents.

The program will begin over the next several months and last three years.

"UNLIKE PREVIOUS energy-audit programs that simply offered advice, these plans include actual installation of energy saving equipment at no cost to homes," said Michael G. Morris, executive vice president for natural gas and marketing for Consumers Power.

The crux of the program is a home energy audit, said Dan Bishop, spokesman for the utility.

Two-person teams will respond and, if necessary, install a showerhead water restricter, an insulation wrap around the water heater and provide two long-life fluorescent light bulbs.

There will be no charge for any of that to customers.

Homeowners serviced by Consumers Power can also receive \$50 cash bonuses for buying refrigerators, freezers and ovens that exceed federal energy guidelines by at least 15 percent.

ALSO, THE UTILITY will reimburse 25 percent of the cost, not to exceed \$1,000, to customers who add insulation or install energy-efficient heating and cooling systems.

Investment firm stable, executive VP maintains

By Gerald Frawley
staff writer

Shearson Lehman Hutton's recent internal problems shouldn't impact southeast Michigan investors.

Or to paraphrase Mark Twain, the reports of an ailing Shearson Lehman Hutton have been greatly exaggerated.

Recent job layoffs, office closings, cash infusions and a \$350 million swap of Shearson Lehman stock for Ameriquest Express stock will stabilize Ameriquest's second largest brokerage firm and set it on the path to financial health, Shearson executive vice president Robert Michelotti said.

The credit card giant previously owned 68 percent of the brokerage firm, but offered to exchange 6,426 shares for each Shearson common share in early March.

Ameriquest Express now owns 100 percent of Shearson common stock. The stock swap took place after a week of "intensive rescue efforts and takeover talks" according to Wall Street watchers, that saw Ameriquest Express pledge a total of \$750 million to back up the brokerage firm's capital, the announcement of 2,000 employee layoffs, and an attempt to merge with Smith Barney, owned by Primerica.

Michelotti, who keeps offices in Birmingham, said investors with Shearson needn't worry about the past few tumultuous weeks.

"The total picture for Shearson in southeast Michigan is bright," he said. In fact, he added, investors who use Shearson should be reassured Ameriquest Express is making the commitment.

Michelotti said that Shearson's Great Lakes division has even less to worry about than other parts of the country. The region (which includes part of Ohio) is the third most profitable office behind two New York area offices, he said.

THE GREAT Lakes region includes 24 offices and 1,115 employees — 445 in the metropolitan De-



Robert Michelotti

troit area. The Great Lakes region controls \$10.8 billion total assets on deposit and generated \$40 million in income last year, Michelotti continued, thanks mainly to an exceptional sales force and control of 27 percent of the investment market here.

By comparison, Michigan National Bank controls \$11.5 billion in total assets on deposit.

While Michigan and North Ohio are not typically regarded as financial centers, Michelotti pointed out that Oakland County has the fifth highest per capita income in the country. "It's surprising when you think about how much money is invested here."

"For us in the retail side (managing client investments) it's a very positive move," he said.

The stock swap infuses Shearson with operating capital which adds to the company's stability, he said. The capital infusion also takes the firm off the newspaper front pages, which can have a damaging effect on the public perception of a company's health, Michelotti said.

"Most of our clients have been pretty understanding (of Shearson's recent troubles)," he said. Few, if any clients, have turned to other bro-

kerage firms, according to Michelotti.

That's not to say that there hasn't been concern on the part of Shearson clients, he said.

"We know as employees what we're doing is still good, but we do read the papers. We've spent a lot of time answering questions and concerns about account insurance and financial integrity," Michelotti said. "Taken time to answer questions we shouldn't have to answer."

"It's worth mentioning that Shearson as a company and Shearson as a broker are separate," he said.

THE RECENT internal problems at Shearson have no effect on investors because all investments are insured just as they would be in a bank, Michelotti said.

"Even when Drexel (Burnham Lambert) went under (filed for bankruptcy), not one investor lost a dime," he said.

The Securities and Exchange Commission transferred Drexel Burnham's accounts to Shearson — which can certainly be construed as a vote of confidence in the company's health, Michelotti noted.

Which isn't to say Shearson was without problems — only that the company has put its problems behind them.

Michelotti said Shearson went through phenomenal growth in the past decade adding several services — including real estate management, limited partnerships and credit resources — to its core investment business.

"Attention wandered from the core of the company — the crown jewel retail division," he said.

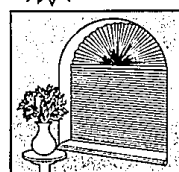
Shearson wasn't experienced in real estate purchasing and managing and those areas are already dragging the company down. "We got carried away with making money anyway we could, instead of concentrating on what we do best."

Shearson already is in the process of closing or divesting its non-investment offices, he said, and is returning to the areas it works best in — investment brokering and financial management.

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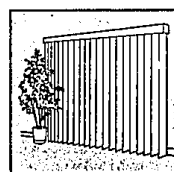
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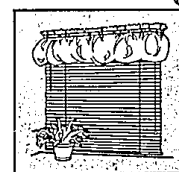
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