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03-05-2008

Clerk of the Board, Air Resources Board
1001 I Street, Sacramento, California 95814

Attn: To Whom it may concern

Re. Second Notice Off-road Diesel Regulations

To Whom It May Concern:

My name is Jon Cloud, I am a partner in a small family owned business, J. Cloud Inc, I attended two of the public hearings regarding the new proposed regulations; I also attended a meeting with the Governor in Sacramento with industry representatives.

I am writing to relay my objections to the proposed regulations. I will state just a few of my objections:

As the regulations are written, our family owned business will be put in the position of having to dispose of older equipment that is in perfect running condition, and is paid for, but does not pass the reduced emissions regulations. We will either have to take on the burden of more debt, which is not practical in the current economy, or down size our business that we have spent year's trying to grow.

The financial hardship of these regulations when added to the other increased regulations that California has put on business over the last several years will have a very large compounding affect (the cluster effect of regulations) on business. The accumulative effect of all of these regulations needs to be taken into account. It was obvious to me that the "staff" that was working on these regulations was incapable of understanding the economic impact and burden that these rules would impose on business.

One section of the regulation allows for companies to retain "low" use equipment and not have to replace it. Low use is defined at less that 100 hours per year. I asked one of the staff members in San Diego about this portion of the rule and asked, "how may hours a month will a piece of equipment have to run to accumulate 100 hrs. Per year." He just gave me a blank stair. I told him 8 hours per month. 8.3 hours times 12 months is 100 hours per year. How can you justify such a small number of hours? His response was " If

you need to use it more than that, you can buy a new piece of equipment on just rent a new one for the job”. Our company has 4 such pieces of equipment; we may only use them 150 hrs per year, but they are paid for and if we replaced them it would cost us in excess of \$ 200,000. We shouldn’t have to go out and rent a new piece of equipment after selling off what we have had in our inventory for the last 15 plus years.

There truly will be some very large negative economic impacts to our industry if these rules are passed as written. The staff has ignored the information we (industry) put forth regarding the economics of these rules, they have ignored the information put forth by Caterpillar Equipment and others about the ability to supply replacement equipment and retro-fit kit’s for existing equipment. The staff has taken the attitude of “damn the fact’s we are going to pass these rules rather you like it or not”

Our industry, after realizing that we were going to get run over by these new rules, took on the attitude that we will have to deal with it, but can we have some more time so that the financial burden could be spread over a period of 3-5 more years and this would give the manufactures more time to produce the needed replacement equipment. Staff has refused to allow this industry more time to deal with these added burdens.

With today’s poor economy that no one knows how long will be here the proposed regulations may just be the straw that breaks the camels back. Many companies will be facing these new regulations right after weathering the storm of this bad economy. I’m sorry that the staff cannot grasp, nor do they care about the nightmare that we are up against.

Regards,

Jon Cloud

J. Cloud Inc.