To: Gary Honcoop

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May 19, 2003

Mrs. Kathleen Walsh
General Counsel
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Dear Kathleen:

This letter is to confirm our telephone conference of April 26, 2003. Participants on that call included you and Gary Honcoop (CARB), Roxanne Johnson (EPA), myself and Betty Hawkins (ATA) and Ev Ashworth (ALG). On the call we agreed on the following clarifications to the South Coast Ground Service Memorandum of Understanding, November, 2002 (GSE MOU):

- **GSE MOU, Sections III.D.2., page 7 and III.D.4., page 8.** Upon completion of the Diesel Demonstration Program, the parties will convene to evaluate the diesel control technologies tested in that Program to determine whether they meet the criteria set forth in Section III.D. At that time, ARB will identify the post-1990 diesel ground service equipment (GSE) that ARB anticipates verifying diesel particulate filters (DPFs) during the term of the GSE MOU. Installation of those verified DPFs will occur consistent with the schedule set forth in Section III.D.2. All other post-1990 diesel GSE, for which diesel oxidation catalysts (DOCs) have been verified, will be required to have such verified DOCs installed consistent with the schedule set forth at Section III.D.2; that is 25% within 12 months, 65% within 24 months, and 100% within 36 months of the determination to retrofit those GSE with DOCs or the verification of a DOC for such GSE, whichever is later. There will be no further diesel particulate control requirements for these post-1990 GSE during the term of the GSE MOU.

- **GSE MOU, Section IV.B.2., page 12, line 2.** The reference in this Section should be to Appendix 2 rather than Appendix 1.

- **GSE MOU, Section IV.B.4., page 12.** The sentence "The 2010 Final Compliance Report shall provide: the Participating Airlines g/bhp-hr emission

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rate for the period January 1, 2010 through December 31, 2010; . . ." should be restated as "The 2010 Final Compliance Report shall provide: the Participating Airlines g/bhp-hr emission rate ~~for the period January 1, 2010 through~~ *as of* December 31, 2010; . . ."

- All references in the MOU to Tier III technology include by inference any future version of technology (e.g., Tier IV).

- **GSE MOU Appendix 2 – Recordkeeping - Fate of Old Equipment (Section L.1, page 12 of 19).**[1]

  Net Emissions Benefit results if the outcome of the equation below is a positive number.

  Equation 1: Net Emissions Benefit Calculation

$$\text{Net} = [(\text{EF}) \cdot (\text{Power}) \cdot \cancel{(\text{LF}) \cdot (\text{A})}]_{\text{old}} - [(\text{EF}) \cdot (\text{Power}) \cdot \cancel{(\text{LF}) \cdot (\text{A})}]_{\text{new}}$$

As we identify additional clarifications, we will bring them to your attention and seek to resolve them in the same amicable manner. As always, we appreciate your efforts in working through these issues. Please sign the letter below affirming that you agree with clarifications outlined above and return a signed copy to me for my records. With my signature I affirm that I have reviewed the above clarifications with the signatory carriers and have been granted authority to agree to these changes on their behalf.[2]

Sincerely

Scott Belcher

_____

Kathleen Walsh
General Counsel, California Air Resources Board

Date: _____

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1 As you may recall, we previously agreed with the ARB staff that the net air quality emissions benefit calculation would be revised, such that activity data would *not* be required to support this analysis (see email correspondence between Gary Honcoop and Jackie Lourenco, ARB and myself dated January 27, 2003). In addition, because we are comparing similar categories of equipment, load factor will always cancel out.

2 United concurs with the following qualification: that the execution of this clarification or modification shall not, for the purposes of United's bankruptcy cases under Title 11 of Chapter 11 of the United States Code: (1) alter the pre-petition nature of the Agreement, as amended, (2) alter the validity, priority or amount of any claims that may arise under the Agreement, as amended, or (3) operate in any way as an assumption or adoption of the Agreement, as amended.