November 24, 2008

Ms. Mary Nichols
Chairman
California Air Resources Board
1001 "I" Street
P.O. Box 2815
Sacramento, CA 95812

Dear Chairman Nichols:

On behalf of the "Driving Toward A Cleaner California" coalition I would like to thank you for the opportunity to meet and discuss the proposed diesel truck and bus replacement regulation. As we mentioned during our meeting, we are committed to working with the California Air Resources Board (ARB) and you to craft a sensible regulation that both cleans the air and keeps California's economy moving.

As we emphasized in the meeting, this regulation is being proposed at a time when California diesel truck and bus owners are facing one of the worst economic climates in decades. In addition, many of these same truck and bus owners are also working to comply with numerous other regulations and laws recently passed by the ARB, the Legislature and other regulatory agencies.

The cumulative effect of these regulations combined with the economic downturn and subsequent credit crisis is already taking a severe toll on the construction, trucking and other business sectors. In fact, according to Avondale Partners, a record 127,000 heavy-duty tractors have already been removed from trucking fleets across the nation this year, many of these here in California. In addition, through the third quarter of this year, almost 3,000 trucking companies nationwide have declared bankruptcy. During our recent meeting you expressed your interest in working with us to quantify these emissions reductions in California. We also discussed the possibility that these early reductions could be reflected in the baseline calculations for the proposed rule.

From our perspective, **DTCC expects that full credit be given toward the rule for emission reductions occurring now.** We do not wish to be stuck in the same situation that was created in the Off-Road Diesel Rule where equipment owners who are reducing their fleet in advance of the March 1, 2009 inventory date cannot count their reductions toward the equipment turnover requirements.

Finally, as the ARB continues to highlight grants and bond money that it claims is available to fleet owners to assist in the costs of replacing or retrofitting their vehicles, it fails to take into account that many financing options for all businesses to access the required matching funds have dried up.

The alternative proposal developed by our coalition this past August highlights our commitment to improve California's air quality and we recognize that we must do our part to achieve significant emission reductions. In fact, our goals are compatible and achieve similar results in the long term.

The "Driving Toward A Cleaner California" coalition looks forward to working with you and your staff to find common ground. We hope that this discussion includes a wide range of options to help get more financial resources into the system quickly and more flexibility for fleet owners to comply with the regulation. We request that you direct your staff to organize another meeting with the goal of making rapid progress on the issues we presented. Given the date of the Board action the meeting should occur as soon as possible.

Thank you.

Sincerely,

Jeanne Cain
Chairperson, DTCC
Executive Vice President, California Chamber of Commerce

CC: Air Resources Board Members
John R. Balmes, M.D.
Ms. Sandra Berg
Ms. Dorene D'Adamo
Mr. Jerry Hill
Ms. Lydia H. Kennard
The Hon. Ronald O. Loveridge
Mrs. Barbara Riordan
The Hon. Ron Roberts
Mr. Daniel Sperling
John G. Telles, M.D.

The Hon. Linda Adams, Secretary, California Environmental Protection Agency
The Hon. Dale Bonner, Secretary, California Business, Transportation & Housing Agency
Ms. Cindy Tuck, Undersecretary, California Environmental Protection Agency
Mr. Michael Benjamin, Chief, Mobile Source Analysis Branch, ARB
Mr. Erik White, Chief, Heavy-Duty Diesel In-Use Strategies Branch, ARB

Office of Governor Arnold Schwarzenegger
- Ms. Susan Kennedy, Chief of Staff
- Ms. Victoria Bradshaw, Cabinet Secretary
- Mr. Chris Kahn, Legislative Secretary
- Ms. Cynthia Bryant, Director, Office of Planning and Research
- Mr. John Moffat, Deputy Legislative Secretary
- Mr. Curt Augustine, Deputy Legislative Secretary