

May 31, 2018

Barb Regynski  
South Dakota Department of Environment & Natural Resources  
Air Quality Program  
523 E. Capitol Avenue  
Pierre, SD, 57501



Thank you for the opportunity to provide comments on the South Dakota VW Settlement Mitigation Plan. We also thank you for the opportunity to provide public remarks at the scheduled hearing this month.

UPS was founded almost 110 years ago as messenger service and has turned into one of the largest package delivery companies in the world. We currently operate in 220 countries and deliver over 4.7 billion packages each year. With a fleet of over 110,000 vehicles, efficiency is key to our operational success. At the same time, UPS is committed to reducing greenhouse gas emissions. UPS began with electric vehicles in New York City in the 1930s. We have now grown to over 8,000 alternative fuel vehicles that run on compressed natural gas, liquefied natural gas, propane, electric and even e-bicycles. To date our alternative fueled vehicles have driven over 1 billion miles. These vehicles don't just reduce greenhouse gas emissions but ensure UPS is being more efficient; thus, more sustainable.

The VW Settlement provides an opportunity for UPS and other carriers to make an investment in alternative fuel technologies because the funds will help drive down the cost differential for the equipment. While prices have come down some, natural gas and electric vehicles are sometimes two or three times the cost of a gasoline or diesel vehicle. This is why the VW Settlement funds will provide much needed incentives to those wishing to switch to a cleaner burning vehicle.

UPS recommendations on the South Dakota VW Settlement Mitigation Plan:

**Recommendation #1: Funding for government entities should be the same as those for non-government entities.**

UPS believes that states can have a bigger impact, dollar for dollar, by deploying as many low emitting vehicles on the road as possible. If government entities use all of the funds, the impact will be muted as opposed to allowing more cost-share and maximizing the vehicles deployed.

**Recommendation #2: While the VW Settlement states electric vehicles can receive up to 75% reimbursement and 25% for natural gas, that doesn't mean it can't be negotiated.**

UPS and other carriers who can make a large impact on air quality and have the capital to deploy large quantities of vehicles should have the ability to negotiate with the state agency on an arrangement that benefits the state and the private companies wishing to make the investment. For example, a company that wants to deploy both natural gas vehicles and electric vehicles could negotiate with the state for 50% reimbursement on electric vehicles and a 20% reimbursement for natural gas or some other variation. This would allow for the South Dakota Department of Environment & Natural Resources to fund large scale projects while preserving money for other smaller projects. This would also be more manageable than providing a generic number and being held to it for all projects. Projects that have the biggest impact should get the largest amount of incentives.



Thanks again for the opportunity to provide comments and we look forward to working with the South Dakota Department of Environment & Natural Resources to use these funds in a manner that will reduce the most amount NOx and maximize the funding.

Sincerely,

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# A GLOBAL COMPANY WITH A LOCAL IMPACT

UPS is a global leader in logistics and delivery services. Six percent of U.S. GDP and three percent of global GDP moves through the UPS network. Our more than 435,000 employees offer customers world-class support across a multi-modal delivery network that makes use of ground, rail, air and sea transportation systems. We also offer services in supply chain solutions, freight forwarding and customs brokerage. Each day, as United Problem Solvers, we work to ensure that our customers, many of them small businesses, can stay competitive in the evolving global marketplace.

## South Dakota

Governor Dennis Daugaard

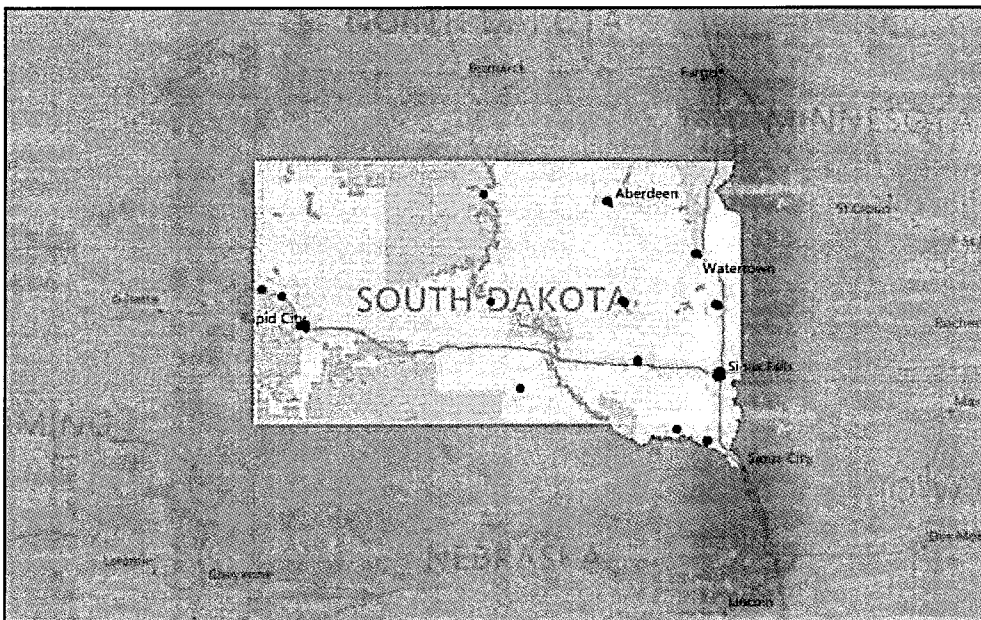
	<u>State</u>
Employees	841
Facilities	29
Retirees	212

435,000  
Employees

18+  
million  
Shipments  
Daily

2,770  
Facilities

World  
Synchron



- Small Package Facility
- Supply Chain
- UPS Freight
- The UPS Store
- UPS Healthcare

Facility Type	Facility Name	Address	City	State	ZIP
Small Package	ABERDEEN - Package Center	924 SOUTH 4TH St	ABERDEEN	SD	57401
Small Package	BROOKINGS - Package Center	1513 WESTERN AVE	BROOKINGS	SD	57006
Small Package	HURON - Package Center	39710 HIGHWAY 14 WEST	HURON	SD	57350
Small Package	MITCHELL - Package Center	840 EAST KAY AVE	MITCHELL	SD	57301
Small Package	MOBRIDGE - Package Center	INDUSTRIAL PARK	MOBRIDGE	SD	57601
Small Package	PIERRE - Package Center	ROUTE 3 & HIGHWAY 34	PIERRE	SD	57501
Small Package	RAPID CITY - Package Center	1795 SEDIVY Ln	RAPID CITY	SD	57701
Small Package	FSD Gateway - Apron (feeder staging)	FSD GATEWAY	SIOUX FALLS	SD	57104
Small Package	FSD Gateway - Facility	SIOUX FALLS REGIONAL AIRPORT	SIOUX FALLS	SD	57105
Small Package	SIOUX FALLS - Airport Office	ONE WEATHER Ln	SIOUX FALLS	SD	57104
Small Package	SIOUX FALLS - Hub	2700 NORTH WESTPORT Ave	SIOUX FALLS	SD	57105
Small Package	STURGIS - Package Center	3421 WHITEWOOD SERVICE Rd	STURGIS	SD	57785
Small Package	VERMILLION - Package Center	419 WEST CHERRY	VERMILLION	SD	57069
Small Package	WATERTOWN - Package Center	US HIGHWAY 212 WEST	WATERTOWN	SD	57201
Small Package	WINNER - Package Center	472 NORTH COUNTY ROAD EAST	WINNER	SD	57580
The UPS Store	The UPS Store 4543	1020 6TH AVE SE	ABERDEEN	SD	57401
The UPS Store	The UPS Store 5064	120 22ND AVE S	BROOKINGS	SD	57006
The UPS Store	The UPS Store 4906	1741 DAKOTA AVE SOUTH	HURON	SD	57350
The UPS Store	The UPS Store 4227	204 W HAVENS AVE	MITCHELL	SD	57301
The UPS Store	The UPS Store 1884	3213 W MAIN	RAPID CITY	SD	57702-2314
The UPS Store	The UPS Store 3912	1430 HAINES AVE STE 108	Rapid City	SD	57701
The UPS Store	The UPS Store 6710	1329 Eglin St	RAPID CITY	SD	57701
The UPS Store	The UPS Store 2125	2601 S MINNESOTA AVE STE 105	Sioux Falls	SD	57105
The UPS Store	The UPS Store 2494	2522 W 41ST ST	Sioux Falls	SD	57105-6120
The UPS Store	The UPS Store 6700	4800 S LOUISE AVE	Sioux Falls	SD	57106
The UPS Store	The UPS Store 5137	810 N MAIN ST	Spearfish	SD	57783
The UPS Store	The UPS Store 6751	1104 E CHERRY ST.	VERMILLION	SD	57069
The UPS Store	The UPS Store 4963	711 9TH AVE SE	WATERTOWN	SD	57201
The UPS Store	The UPS Store 6716	3013 BROADWAY AVE STE 8	YANKTON	SD	57078

KIMBERLY A. BONHART

Barb,

Thank you for gathering the information from South Dakota businesses on how to spend the Volkswagen diesel-mitigation settlement dollars.

Please give me a call with questions on the UPS (Proposal) Comments.

Regards,

cell 913.575.4116

Kimberly Bonhart