

September 6, 2018

To Whom It May Concern:

Thank you for the opportunity to provide comments to be used in crafting the VW Settlement Mitigation Plan.

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 equipment 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 Texas 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 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 of Texas 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 Commonwealth 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 and reduce the most amount of NOx, per dollar spent, should get the largest amount of incentives.

**Recommendation #3: Entities who have experience with alternative fuel vehicles should be given first priority for funding.**

Entities who already have deployed alternative fuel vehicles such as natural gas and electric vehicles understand how to maximize their efficiency. Many have also worked out the issues with bringing online a new fleet of vehicles. In addition, many of these entities already have the infrastructure in place making those “shovel ready” projects which can be executed more quickly over those entities who are non-experienced.

Thanks again for the opportunity to provide comments and we look forward to working with the State of Texas to use these funds in a manner that will reduce the most amount of NOx while maximizing Texas’ settlement funds.

Sincerely,

Nick D’Andrea

Vice President, Public Affairs

UPS