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CASTAIR, established in 1991, we currently have 7 employees and average \$3.2 million in sales. We were by far the smallest of the companies that was involved in the phone conference call. I have worked in the industry since I was 16 years old, then started CASTAIR in 1991 at the age of 31 (58 now), in the basement of my home with \$3,000, and a dream. This type of proposed regulation creates obstacles that any future start-up companies, like mine, would not be able to overcome, considering all of the other challenges faced by small business today. We are strictly an air compressor assembler and do not manufacture rotary screw air ends, the piston pumps or the electric motors. This purposed regulation will force us out of this business sector in your state and result in the reduction of our staff (loss of American jobs). My greatest fear is that this will lead to more proposed regulations for the reciprocating air compressor industry, which is our primary business (give an inch and you will most likely take a mile). This would surely cause our company to go out of business (loss of more American jobs), or to not be able to sell in the state of California. Also this would greatly limit the options/choices in brands/models for the consumers in the state of California. The machines in question would easily pass a efficiency test but cost of compliance are too great for a small air compressor assembler like us.

These purposed regulations are not necessary, as members of the industry pointed out at the meeting, because we all are constantly striving to make our products more efficient in order to gain us a competitive edge over our competition. This is how the free enterprise system works and is why the U.S. postal service consistently loses money while UPS, Fed-Ex, etc. are profitable. This is another prime example of arbitrary power being wielded by a non-elected governmental agency, which faces no repercussions for the negative ripple effects a regulation like this will create for producers and consumers & economy.

Air compressors consume electricity by using an electric motor. The DOE already regulates this industry. It's simple; Air compressors consume kW and produce CFM. This is a very easy thing to test and record without requiring expensive test equipment and facilities. Logically this is what should then be regulated, if it must, is the efficiency between the two kW=CFM for air ends and pumps.

If the DOE or your state and the infinite wisdom of your energy commission board insist on regulating the rotary screw/ compressor industry, then it should do so with the manufacturer of air ends/reciprocating pumps only, as was done with the electric motor industry. Assemblers of air compressors can do very little to effect efficiency. AEDM modeling will be a crushing

expense on small USA air compressor assemblers due to the need to add staff, software, test equipment and facilities. Again, the goal of becoming more efficient could be done simply by regulating air end manufacturers, but this seems to be aimed at eliminating small business verses promoting efficiency.

We small American air compressor assemblers make our living on the scraps that fall from the tables of larger air compressor manufacturers. Many of our air compressors are unique because we have the flexibility to customize a product to the unique requirements of our customers. i.e. A customer has a need for an extra-heavy duty unit due to a high ambient temperature and 24-7-365 usage in a dairy application. Solution: we build a unit with a 10Hp motor & air ends and only load it to 7½ HP, lowering operating temperature and increasing durability while the Kw consumed is that of a 7½ HP motor. This option for the dairy is now not available with these regulations.

Unlike reciprocating compressors that run intermittently, when air is needed, a rotary is designed to run continuously as long as there is some demand for air, opening its intake when air is needed and closing it when it is not, consuming energy all the time (whether pumping or not), even if demand is only 10% of the compressors capability. For this reason, rotaries will waste energy if not sized correctly. Who then do you think will do a better job of sizing a compressor for an application, a multi-level large corporation marketing "one size fits all" machines all over the world or a family owned company working directly with their local distributors and end user customers to provide compressors specific to their application. We are also heavily involved in the sizing of reciprocating air compressor, when sized too small you will cause excessive starts/stops and a unit that will run over the recommended duty cycles, causing excessive power consumption, and premature failure of the machine.

The proposed regulations will severely disadvantage small air compressor assemblers and favor the large manufacturers that are already acquiring the medium sized manufacturers. IE: Quincy, Champion, American IMC just to name a few. This causes consumer prices to rise, and choices to fall. Remembering, specialized compressors suited for specific applications are surely more efficient than forcing consumers to choose from the few models available that meet the requirements of the proposed regulation rather than what is best for the application. This will actually cause a greater loss of energy.

The claim is that there will be no additional burden on small business. To this, I strongly disagree and see it as crony capitalism. I did notice that the large multi-level manufacturers (many whom are not assembling in the USA) at the meeting were not in opposition of this regulation, and apparently have been helping in its formation in an effort to impose European regulations on Americans. Half a million dollar expenditure is nothing to corporations of this size, and they will gladly pay for it (and even lobby for it) to force their smaller competitors out of the industry. Why are we allowing corporations that are not even based in America to influence our air compressor industry? And decrease the number of air compressors companies in the United States. IE: Atlas-Copco, Quincy, Chicago Pneumatics, Kaeser, FS-Curtis, Sullair, Ingersoll-Rand all not based in America.

We were not contacted at my company about the proposed regulations and I suspect many other small air compressor assemblers fall into this boat as well. I feel it is your agencies responsibility to contact the many small American companies that will surely be impacted by the proposed regulations. I was just lucky enough to hear about this through the grape vine of the compressor industry. In your analysis you claim this as a net benefit to California, how is more cost/time and loss of choice and options for the residents of your state a benefit?

I realize government employees are motivated to justify your jobs by creating regulations and by using your entire budgets up each year so you can get a larger one the following year. I respectfully request that this European style regulation be canceled.

I was born in America in 1960 and with guts, persistence and hard work I have achieved the American dream. I own a successful business that provides a valuable service within its industry. My lowest paid employee earns \$41K a year, has fully paid health care and 401k with 6% match. I see this proposed regulation as miscalculated, and just another example of overreach by Government that will cost American businesses and all tax payers with no measurable reduction in energy consumption, at a time when our Federal debt is surpassing 21 trillion. This is just the type of regulation that could needlessly cause a small 7 employee hard working American company like ours to fail. As well as others trying to get going in your state that depend on affordable compressor with many models of compressors to be able to pick from to fit their specific needs.

Sincerely,

Patrick Kelly
President / Owner of CASTAIR, Inc.