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A-Z



BUS SALES, INC.

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COLTON

1800 S. Riverside Ave.

Colton, California 92324

(951) 781-7188

FAX (951) 791-4905

SACRAMENTO

3418 52nd Avenue

Sacramento, California 95823

(916) 391-1092

FAX (916) 391-1093

www.a-zbus.com

January 17, 2013

Mr. John Butler, Manager
Emerging Fuels and Technologies Office
California Energy Commission
1516 Ninth Street
Sacramento, CA 95814

California Energy Commission

DOCKETED

12-ALT-02

TN # 69372

FEB 01 2013

Docket Submittal: AB 118 Program- Vehicle Buy-Down Incentives

Dear Mr. Butler:

The purpose of this letter is to suggest a modification to the current procedure for reserving Vehicle Buy-Down Incentives (VBDI) for School Buses, which can result in the incentive funding for Propane School Buses to be more efficiently and effectively utilized.

Our goal is to increase the speed at which new Propane powered school buses are introduced to the California market place, and allow them to be introduced in a manner that better fits the ordering process and schedule that school districts are accustomed to utilizing.

As we understand the VBDI Program rationale, the reservation amounts are dollar amount- limited and allocated in a manner that allows for competition among the Original Equipment Manufacturers (OEM), and we agree that for most other Propane and Natural Gas vehicles, this is a thoughtful and fair approach (Shuttle buses, taxis, medium and heavy-duty trucks, etc.). In the case of school districts, they tend to plan their purchases for the year, and wish to order many school buses at a time (orders of 20, 30 or 40 buses at a time are possible), allowing them to plan the roll-out of the school buses in time for the beginning of each school year.

A-Z Bus Sales, Inc., based in Colton with facilities in Sacramento and Fresno, is an employee-owned distributor/dealer of school buses serving the state of California. A-Z is the nation's leader in providing alternative fuel transportation solutions with all bus-types, and in fact, and is the only school bus distributor offering the industries only Type C and Type A propane school bus available today from OEMs serving the school bus market. Currently, as A-Z is the only distributor offering these buses, the limited allocation for reservations to provide competition does not apply, and in fact hinders A-Z's ability to serve the California school bus market effectively and efficiently. A-Z has a long history of successfully partnering with the CEC, MSRC, SCAQMD and

the CARB in channeling their funds directly to California unified school districts (USDs) to get old dirty diesel buses off the roads, replacing them with cleaner burning alternative fuel buses powered by CNG, Propane, and LPG.

The reservation amount limit of \$400,000 per OEM impedes A-Z ability to sell large numbers of the buses requested by school districts, and inadvertently favors national contractors, based outside the state that typically can take large orders of lower-cost diesel buses from other states to serve their California-based customers. The current limitations of CEC reservation funds, restrains A-Z Bus Sales from selling national accounts as we are unable to commit dollars that go beyond what we have reserved by vehicle manufacturer. The process to get more funds is time consuming and without certainty for filling the large requests of school districts for alternative fueled school buses.

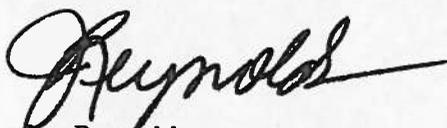
Our recommendations for your consideration are as follows:

1. Remove the maximum amount of CEC fund limits that can be reserved so that dealers can go after larger quantities of new alternative fuel bus purchases by national contractors for buses to be deployed serving California-based USDs.
2. Extend the periods that reserved funds are available to 240 days, from the current 120 days.
3. Speed the approval process so that when we have an unforeseen opportunity arise to sell more alternative-fuel buses than reserved funds, we can get a quick approval before the purchase decisions are made by the customers.

These recommendations, if approved for incentives for school buses only, will allow A-Z Bus Sales to better optimize the CEC funds, accomplish their intended purpose in a more timely manner, and sell larger numbers of cleaner school buses in California.

Thank you in advance for your consideration.

Sincerely,



Jim Reynolds
President and CEO
A-Z Bus Sales, Inc.

cc. Ms. Debbie Jones
Mr. Randy Roesser