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July 29, 2014

**VIA UPS OVERNIGHT DELIVERY**

Pauline Batarseh  
Chief, Policy Implementation Branch  
Policy and Program Support Division  
Hazardous Waste Management Program  
Department of Toxic Substances Control  
1001 I Street  
Sacramento, CA 95812-0806

Donn Diebert  
Chief, Program Implementation Unit  
Policy Implementation and Support Branch  
Policy and Program Support Division  
Hazardous Waste Management Program  
Department of Toxic Substances Control  
1001 I Street  
Sacramento, CA 95812-0806

Re: Summary of Violations – McQuay International

Dear Ms. Batarseh and Mr. Diebert:

Daikin Applied Americas Inc., formerly known as McQuay International Inc. ("Daikin Applied"), hereby acknowledges receipt of a letter dated July 3, 2014 from the California Department of Toxic Substances Control ("DTSC"). In that letter DTSC notified Daikin Applied of DTSC's determination that Daikin Applied – as a member of the Thermostat Recycling Corporation ("TRC") – "has violated subdivision (a) of section 66274.5 of California Code of Regulations (CCR), Title 22 in that it failed to meet the established collection rate performance requirement for calendar year 2013."<sup>1</sup>

Although Daikin Applied is a participating member of TRC, it historically has been a relatively miniscule player in the thermostat business compared to other TRC members. Nonetheless, Daikin Applied has no current plans to abandon its membership in TRC and remains committed to making reasonable efforts to support the practicable collection of out-of-service mercury-added thermostats. However, Daikin Applied respectfully disputes DTSC's determination that Daikin Applied has violated the Mercury

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<sup>1</sup> In the July 3, 2014 letter, DTSC also informed Daikin Applied that DTSC "has evaluated the proposed program enhancements identified in [TRC's] Report and has determined that the proposed enhancements will not yield sufficient additional collection of out-of-service mercury-added thermostats to meet the collection rate performance requirement for calendar year 2014."

**Daikin Applied**  
13600 Industrial Park Boulevard  
Minneapolis, MN 55441



Thermostat Collection Act of 2008 or any implementing regulations by virtue of its membership in TRC on grounds, among others, that: (1) DTSC has not properly notified Dakin Applied as to the basis for DTSC's determination of a violation; and (2) the established collection rate performance requirement for calendar year 2013, which DTSC alleges Daikin Applied failed to meet, was arbitrary and capricious or was otherwise not lawfully established.<sup>2</sup>

As DTSC requested in the July 3, 2014 letter, Daikin Applied is willing to meet with DTSC individually to discuss establishing a more practicable collection rate performance requirement for Daikin Applied and making reasonable enhancements to the collection and recycling of mercury-added thermostats program established by TRC on behalf of its members. Please contact me if a meeting with Daikin Applied is required unless DTSC prefers to meet with a committee of TRC members instead. Thank you.

Sincerely,

A handwritten signature in blue ink, appearing to read "WJ Mateikis".

William J. Mateikis  
Daikin Applied Americas Inc.  
SVP, HR & General Counsel

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<sup>2</sup> Daikin Applied further disputes DTSC's assessment of TRC's proposed program enhancement identified in its Report but has authorized a committee of other TRC member companies to meet with DTSC on July 30, 2014 for the purpose of establishing an agenda for a future meeting with DTSC to engage in a constructive dialog concerning, among other things, establishing a more practicable collection rate performance requirement and making reasonable enhancements to the collection and recycling of mercury-added thermostats program established by TRC on behalf of its members.