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February 11, 2015

Pauline Batarseh, Chief  
Policy Implementation Support Branch  
Hazardous Waste Management Program  
Department of Toxic Substances Control  
1001 "I" Street  
P.O. Box 806  
Sacramento, CA 95812-0806

Re: Climate Master Inc.'s Response to DTSC's January 30, 2015 Settlement of the Summary of Violations

Dear Ms. Batarseh:

Climate Master Inc. (Climate Master) is for the most part amenable to the approach proposed by the Department of Toxic Substances Control (DTSC) to resolve the SOVs. A negotiated resolution of the SOVs issued on July 3, 2014 is likely to be the most efficient and expedient approach to reaching a mutually agreeable resolution. Climate Master remains willing to discuss the proposed changes to the thermostat collection program listed on page three of DTSC's January 30, 2015 letter. As part of these discussions the parties will also need to address the need to prepare a new study to rectify the deficiencies contained in the 2009 Skumatz Economic Research Associates, Inc. report.

The Thermostat Recycling Corporation (TRC), which operates the recycling program in California, has thirty (30) members. As evidenced by prior discussions with the DTSC not all TRC members have identical interests. Nevertheless, conducting thirty (30) separate negotiations would be unwieldy, and Climate Master agrees that it would be preferable to negotiate with a "subset of manufacturers" to resolve the SOVs. However, it will take longer than the time frame proposed by the DTSC in its January 30, 2015 letter to resolve the SOVs on a global basis. TRC will need to poll its members to determine if they are willing to be represented by a "subset of manufactures" in negotiations with the DTSC. TRC will, assuming there is some level of consensus on this issue, then need to identify which of its members, if any, who may wish to participate directly in the settlement negotiations. While this process will take time Climate Master believes that it will be time well spent and will result in a significant savings of both time and expense for the DTSC and TRC members. Once these issues have been resolved within TRC, we anticipate that TRC will, on behalf of its members contact DTSC and provide the names of those who will make up the negotiating team. At that point it will be possible to suggest a range of possible dates for the initial settlement meeting.

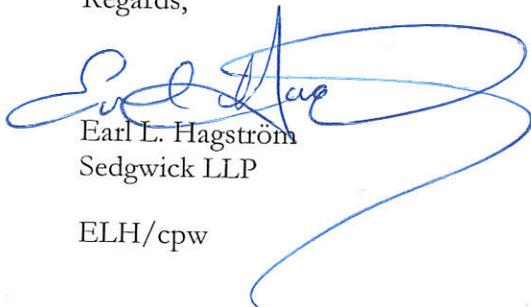
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If you have any questions in this regard please contact me at 415.627.1427 or via email at [Earl.Hagstrom@Sedgwicklaw.com](mailto:Earl.Hagstrom@Sedgwicklaw.com).

Regards,



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ELH/cpw