



Winston H. Hickox  
Agency Secretary

# Air Resources Board

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Alan C. Lloyd, Ph.D.  
Chairman

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Gray Davis  
Governor

September 24, 2001

MAC #2001-02

TO: ALL PASSENGER CAR MANUFACTURERS  
ALL LIGHT-DUTY TRUCK MANUFACTURERS  
ALL MEDIUM-DUTY VEHICLE MANUFACTURERS  
ALL OTHER INTERESTED PARTIES

SUBJECT: Cost Limit for High-Priced Warranted Parts of 2002 Model-Year (MY) Passenger Cars (PCs), Light-Duty Trucks (LDTs), and Medium-Duty Vehicles (MDVs)

This letter transmits a Manufacturers Advisory Correspondence which identifies the cost limit for high-priced warranted parts of 2002 MY PCs, LDTs and MDVs. Also included is identification of the highest-cost metropolitan area of California for the purpose of calculating labor cost when determining the total replacement cost of a warranted part.

If you have any questions regarding this matter, please contact Ms. Kimberly Pryor, Staff Engineer, On-Road Certification/Audit Section, at (626) 575-6640 or by e-mail at [kpryor@arb.ca.gov](mailto:kpryor@arb.ca.gov).

Sincerely,

R. B. Summerfield, Chief /s/  
Mobile Source Operations Division

Attachment

*The energy challenge facing California is real. Every Californian needs to take immediate action to reduce energy consumption. For a list of simple ways you can reduce demand and cut your energy costs, see our Website: <http://www.arb.ca.gov>.*

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California Environmental Protection Agency

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State of California  
AIR RESOURCES BOARD

SUBJECT: Cost Limit for High-Priced Warranted Parts of 2002 Model-Year (MY) Passenger Cars (PCs), Light-Duty Trucks (LDTs) and Medium-Duty Vehicles (MDVs)

APPLICABILITY: All 2002 MY PCs, LDTs, and MDVs

- REFERENCES:
1. California Health and Safety Code (HSC) Section 43205 (HSC 43205)
  2. Emission Control System Warranty Regulations, Title 13, California Code of Regulations (13 CCR), Sections 2035 et seq. (13 CCR 2035 et seq.)
  3. Manufacturers Advisory Correspondence No. 90-08

- POLICIES:
1. Under HSC 43205(b) and 13 CCR 2037(c), the high-priced warranted parts list is based on a periodically revised cost limit as calculated for the highest-cost metropolitan area of California. For the 2002 MY, the highest-cost metropolitan area of California is determined to be San Francisco. The labor cost, as part of a manufacturer's determination of the total replacement cost of a warranted part, is to be based on the manufacturer's labor rate in the identified highest-cost metropolitan area or, if the manufacturer has no dealerships in this area, a comparable alternative area in California.
  2. Under 13 CCR 2037(c), the cost limit for high-priced warranted parts for 2002 MY PCs, LDTs and MDVs is calculated using the annual average nationwide urban consumer price index (CPI) for the calendar year two years prior to the MY for which the cost limit is being calculated. This CPI is published by the U. S. Bureau of Labor Statistics. The 2002 MY cost limit, rounded to the nearest ten dollars, is calculated as follows:

$$\begin{aligned} \text{2002 MY Cost Limit} &= \$300 \times (\text{calendar 2000 CPI}/\text{baseline CPI}) \\ &= \$300 \times (172.2/118.3) \\ &= \$440 \end{aligned}$$

3. Manufacturers shall submit in their applications for certification the documentation used to identify the high-priced warranted parts in accordance with 13 CCR 2037(c)(3). The documentation shall include all emission-related parts costing more than \$340 (i.e., calculated cost limit minus \$100) to replace. This documentation shall substantiate that the list includes all potential high-priced parts. The documentation shall include the estimated retail parts costs, labor rates in dollars per hour, and the labor hours necessary to replace the parts including standard diagnosis. If the labor hours being charged for customer-pay repairs are different from those specified by the manufacturer for warranty repairs, the manufacturer shall substantiate the labor hours specified.
  
4. Manufacturers shall be allowed to include any emission-related parts in the high-priced warranted parts list without having to provide the required cost documentation if the parts are identified by the manufacturer as being consistently above the cost limit. These parts will remain on the high-priced warranted parts list until documentation is submitted by the manufacturer, and approved by the Executive Officer, to show that the total replacement cost of such an item has dropped below the identified cost limit. In such a scenario, the relevant part will be allowed to be excluded in the high-priced warranted parts list at the beginning of the next applicable model year.