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Gray Davis
Governor

May 14, 2002

MANUFACTURERS ADVISORY CORRESPONDENCE (MAC) 2002 - 01

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 on 2003 Model-Year Passenger Cars (PC), Light-Duty Trucks (LDT), and Medium-Duty Vehicles (MDV)

This letter transmits a Manufacturers Advisory Correspondence which identifies the cost limit for high-priced warranted parts on 2003 model-year PC, LDT and MDV. Also included is identification of the highest-cost metropolitan area of California for the purpose of calculating the labor cost when determining the total replacement cost of a warranted part. In addition, policy items 5 and 6 have been added to clarify California's warranty requirements for integral warranted parts and for vehicles that are granted "PZEV" credits

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 kpryor@arb.ca.gov.

Sincerely,

/s/

Allen Lyons, Chief
New Vehicle/Engine Programs Branch

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>.

California Environmental Protection Agency

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State of California
AIR RESOURCES BOARD

MANUFACTURERS ADVISORY CORRESPONDENCE (MAC) 02-01

SUBJECT: Cost Limit for High-Priced Warranted Parts on 2003 Model-Year (MY) Passenger Cars (PC), Light-Duty Trucks (LDT) and Medium-Duty Vehicles (MDV)

APPLICABILITY: 2003 MY PC, LDT and MDV

- REFERENCES:
1. California Health and Safety Code (HSC) Section 43205
 2. Emission Control System Warranty Regulations, Title 13, California Code of Regulations, (13 CCR) Sections 2035 et al.
 3. Zero-Emission Vehicle Standards for 2003 and Subsequent Model Passenger Cars, Light-Duty Trucks and Medium-Duty Vehicles, Title 13 CCR Section 1962(c)(2)(D)
 4. 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 2003 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 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. For the 2003 MY, the cost limit, rounded to the nearest ten dollars, is calculated as follows:

$$\begin{aligned} \text{2003 MY Cost Limit} &= \$300 \times (\text{calendar 2001 CPI/baseline CPI}) \\ &= \$300 \times (177.1 / 118.3) \\ &= \$450 \end{aligned}$$

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 \$350 (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.
5. If a warranted part **A** is an integral component of an assembly **B** and can only be repaired by replacing the assembly **B**, then the total replacement cost for the warranted part **A** must be determined as follows: The part's retail price and labor cost are those for the assembly **B**. The diagnostic cost shall be the highest for any diagnostic procedure for any warranted parts that are included in the assembly **B**.

For example, a vehicle's "Check Engine" lamp is a warranted part. A burned out "Check Engine" lamp may be an integral component of the instrument panel and can only be repaired by replacing the entire instrument panel. The total replacement cost for this "Check Engine" lamp shall include the retail price and labor cost of the instrument panel. The total replacement cost for this "Check Engine" lamp shall also include the highest diagnostic cost of the procedure related to the "Check Engine" lamp or any other warranted part(s) that are integral components of the instrument panel (e.g., "oxygen sensor" lamp, if applicable).

6. Notwithstanding provisions 1-5 in this MAC, **all** warranted parts of vehicles certified to the requirements in 13 CCR 1962(c)(2) (Zero-Emission Vehicle Standards for 2003 and Subsequent Model Passenger Cars, Light-Duty Trucks and Medium-Duty Vehicles) (i.e., "PZEV" certification) shall have defects and performance warranty coverage for 15 years or 150,000 miles, whichever occurs first.