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Air Resources Board

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Gray Davis
Governor

July 24, 2003

MANUFACTURERS ADVISORY CORRESPONDENCE (MAC) 2003-03

TO: ALL MANUFACTURERS OF

- PASSENGER CARS
- LIGHT-DUTY TRUCKS
- MEDIUM-DUTY VEHICLES AND ENGINES USED IN SUCH VEHICLES
- OFF-ROAD LARGE SPARK-IGNITION ENGINES

ALL OTHER INTERESTED PARTIES

SUBJECT: Cost Limit For High-Priced Warranted Parts Of 2004 Model-Year (MY) Passenger Cars (PC), Light-Duty Trucks (LDT), Medium-Duty Vehicles (MDV) And Engines Used In These Vehicles (MDE), And Off-Road Large Spark-Ignition Engines (LSIE)

This letter transmits a Manufacturers Advisory Correspondence (MAC) which identifies the cost limit for high-priced warranted parts of MY2004 PC, LDT, MDV, MDE and LSIE. 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.

Item 6 in this MAC discusses warranty coverage periods for vehicles that the manufacturers have requested to be certified to the requirements in subsection (c) of Title 13, California Code of Regulations, Section 1962 (13 CCR 1962), amended April 12, 2002 or April 24, 2003; that is, the vehicles for which the manufacturer has requested partial zero-emission vehicle (PZEV) credit allowances.

Item 8 in this MAC establishes manufacturers' reporting requirements for submitting Emission Warranty Information Reports (EWIR) and Field Information Reports (FIR) for certified PZEVs.

If you have any questions, please contact Mr. Tom Valencia, staff engineer, In-Use Vehicle Testing Section, at (626) 575-6726 or by e-mail at tvalenci@arb.ca.gov regarding EWIR/FIR matters, Mr. Keith Macias, staff engineer, Off-Road Certification/Audit Section, at (626) 575-7068 or by e-mail at kmacias@arb.ca.gov for LSIE warranty matters, or Ms. Kimberly Pryor, staff engineer, On-Road Certification/Audit Section, at (626) 575-6640 or by e-mail at kpryor@arb.ca.gov for all other matters in this MAC.

Sincerely,

/s/

Allen Lyons, Chief
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>.

California Environmental Protection Agency

State of California
AIR RESOURCES BOARD

SUBJECT: Cost Limit For High-Priced Warranted Parts Of 2004 Model-Year (MY) Passenger Cars (PC), Light-Duty Trucks (LDT), Medium-Duty Vehicles (MDV) And Engines Used In These Vehicles (MDE), And Off-Road Large Spark-Ignition Engines (LSIE)

APPLICABILITY: MY2004 PC, LDT, MDV, MDE, and LSIE

- REFERENCES:
1. California Health and Safety Code Section 43205 (HSC 43205)
 2. Emission Control System Warranty Regulations [Title 13, California Code of Regulations, Sections 2035 et seq. (13 CCR 2035 et seq.)]
 3. Procedures for Reporting Failures of Emission-Related Components [13 CCR 2141 et seq.]
 4. Zero-Emission Vehicle Standards for 2003 and Subsequent Model Passenger Cars, Light-Duty Trucks and Medium-Duty Vehicles [13 CCR 1962(c)]
 5. Off-Road Large Spark-Ignition Engine Emission Control System Warranty [13 CCR 2435]
 6. Manufacturers Advisory Correspondence No. 90-08
 7. Manufacturers Advisory Correspondence No. 94-06

POLICIES:

1. Identification of the Highest-Cost Metropolitan Area of California for MY2004
Under HSC 43205(b), and 13 CCR 2037(c) or 2435(b), as applicable, 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 MY2004, 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. Cost Limit for High-Priced Warranted Parts for MY2004
Under 13 CCR 2037(c) or 2435(b), as applicable, the cost limit for high-priced warranted parts for MY2004 PC, LDT, MDV, MDE, and LSIE is calculated using the annual average nationwide urban consumer price index (CPI) for 2002, that is, the calendar year two years prior to the model-year for which the cost limit is being calculated. This CPI is published by the U.S. Bureau of Labor Statistics. The MY2004 cost limit, rounded to the nearest ten dollars, is calculated as follows:

$$\begin{aligned}\text{MY2004 Cost Limit} &= \$300 \times (\text{calendar 2002 CPI/baseline CPI}) \\ &= \$300 \times (179.9/118.3) \\ &= \$460\end{aligned}$$

3. High-Priced Warranted Parts Cost Documentation in the Applications for Certification
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) or 2435(b), as applicable. The documentation shall include all emission-related parts costing more than \$360 (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. Voluntary Inclusion of Parts on the High-Priced Warranted Parts List
Manufacturers shall be allowed to include any emission-related parts on 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. Warranted Parts That Are Integral Parts
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 dash and can only be repaired by replacing the entire instrument dash. The total replacement cost for this "Check Engine" lamp shall include the retail price and labor cost of the instrument dash. The diagnostic cost shall be the highest for the procedure related to the "Check Engine" lamp or any other warranted part(s), if any, that are also integral components of the instrument dash (e.g., "oxygen sensor" replacement lamp, if applicable).

6. Warranty of PZEV
Notwithstanding the provisions 1-5 in this MAC, vehicles that the manufacturer has requested to be certified to the requirements in 13 CCR 1962(c) (i.e., vehicles requested to be granted PZEV credit allowances) shall have defects and performance warranty coverage for 15 years or 150,000 miles, whichever occurs first.

At the manufacturer's request, hybrid electric vehicles (HEV) with warranty coverage less than 15 years for the traction battery may be conditionally certified and granted PZEV credit allowances under the amendments to 13 CCR 1962(c) prior to final approval by the Office of Administrative Law (OAL) of amendments adopted by the ARB at the hearing held on

April 24, 2003. If these amendments are not formally adopted, any and all PZEV credit allowances granted under the conditional certification will become null and void *ab initio*.

7. Cost Limit for High-Priced Warranted Parts of MY2005 and Later Vehicles and Engines That Are Certified Before a Newer Cost Limit Is Determined by the ARB

Manufacturers certifying prior to the release of a newer cost limit MAC have two options in obtaining a cost limit value for their certification purposes. Under the first option, the cost limit may be calculated by the manufacturer using the annual average CPI (if available) or the average of the available monthly nationwide urban CPI figures for the most recent twelve (12) months. The calculated cost limit must be submitted for review and approval by the ARB. Under the second option, the manufacturer may continue using the cost limit value from the most current cost limit MAC. This cost limit value in either option will be the manufacturer's official cost limit for those vehicles so certified (i.e., certified prior to the ARB releasing the newer cost limit MAC). For those vehicles, the manufacturer will not be permitted to delete items from the high-priced warranted parts list if the ARB calculated cost limit is greater.

8. EWIR and FIR Requirements for PZEV

Under 13 CCR 2141(b), manufacturers are required to submit EWIR and FIR for MY1990 and subsequent vehicles throughout the warranty period but not to exceed the vehicle's useful life. MAC 94-06 dated August 25, 1994, addressed overall EWIR and FIR reporting requirements. The direction stated in MAC 94-06 remains the same, however, manufacturers of PZEV certified to the requirements in 13 CCR 1962(c) shall update their EWIR and FIR for twelve (12) years from the calendar year after the model-year designation of the PZEV. For example, manufacturers of MY2002 PZEV are required to submit EWIR for twelve (12) years after January 1, 2003. The last EWIR will provide information through the fourth quarter of the 2014 calendar year. No further reporting will be necessary unless requested by the ARB as specified in 13 CCR 2146(a)(2).