



Agency Secretary

Air Resources Board

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Arnold Schwarzenegger
Governor

March 20, 2006

MANUFACTURERS ADVISORY CORRESPONDENCE (MAC) 2006-01

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 For 2007 Model-Year (MY) Passenger Cars (PCs), Light-Duty Trucks (LDTs), Medium-Duty Vehicles (MDVs) And Engines Used In These Vehicles (MDEs), And Off-Road Large Spark-Ignition Engines (LSIEs)

This letter provides a Manufacturers Advisory Correspondence (MAC) that identifies the cost limit for high-priced warranted parts of MY2007 PCs, LDTs, MDVs, MDEs and LSIEs. 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 7 in this MAC discusses warranty coverage periods for vehicles voluntarily certified to the requirements of Title 13, California Code of Regulations, Section 1962(c)(13 CCR 1962(c)), last amended March 26, 2004; 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 (EWIRs), Field Information Reports (FIRs), and Emissions Information Reports (EIRs) for certified PZEVs.

If you have any questions regarding EWIRs/FIRs/EIRs, 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. For LSIE warranty matters, please contact Mr. Danny Tran, staff air pollution specialist, Off-Road Certification/Audit Section, at (626) 450-6101 or by e-mail at dtran@arb.ca.gov. For all other matters in this MAC, 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.

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

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SUBJECT: Cost Limit For High-Priced Warranted Parts For 2007 Model-Year (MY) Passenger Cars (PCs), Light-Duty Trucks (LDTs), Medium-Duty Vehicles (MDVs) And Engines Used In These Vehicles (MDEs), And Off-Road Large Spark-Ignition Engines (LSIEs)

APPLICABILITY: MY2007 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. Defects Warranty for 2001 and Later Off-Road Large Spark-Ignition Engines [13 CCR 2435]
 6. Manufacturers Advisory Correspondence No. 90-08
 7. Manufacturers Advisory Correspondence No. 94-06

POLICY:

1. Identification of the Highest-Cost Metropolitan Area of California for MY2007

According to HSC 43205(b), and Title 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 MY2007, 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 MY2007

According to 13 CCR 2037(c) or 2435(b), as applicable, the cost limit for high-priced warranted parts for MY2007 PCs, LDTs, MDVs, MDEs, and LSIEs is calculated using the annual average nationwide urban consumer price index (CPI) for 2005, 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 MY2007 cost limit is \$500, rounded to the nearest ten dollars, as calculated below:

$$\begin{aligned} \text{MY2007 Cost Limit} &= \$300 \times (\text{calendar 2005 CPI}/\text{baseline CPI}) \\ &= \$300 \times (195.3/118.3) \\ &= \$500 \end{aligned}$$

3. High-Priced Warranted Parts Cost Documentation in the Applications for Certification

Manufacturers must 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 \$400 (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 may 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 this event, the manufacturer may exclude the relevant part 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. Cost Limit for High-Priced Warranted Parts for MY2007 and Later Vehicles and Engines Certified Before a Newer Cost Limit Is Determined by the ARB

Manufacturers certifying prior to the issuance of a newer cost limit MAC have two options in obtaining a cost limit value for their certification purposes. First, the cost limit may be calculated 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 staff. 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 issuing 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.

7. Warranty of Partial Zero-Emission Vehicles (PZEVs)

Notwithstanding provisions 1-5 in this MAC, vehicles for which the manufacturer has requested certification to the requirements in 13 CCR 1962(c) (i.e., vehicles for which PZEV credit allowances are requested) shall have defects and performance warranty coverage for 15 years (10 years for batteries for traction of hybrid electric PZEVs) or 150,000 miles, whichever occurs first.

8. Emission Warranty Information Reports (EWIRs)/ Field Information Reports (FIRs)/ Emissions Information Reports (EIRs) Requirements for PZEVs

According to 13 CCR 2141(b), manufacturers are required to submit EWIRs, FIRs and EIRs for MY1990 and subsequent vehicles or engines throughout the warranty period, but not to exceed the vehicle or engine's useful life. MAC 94-06, dated August 25, 1994, addressed overall EWIR, FIR and EIR reporting requirements. The direction provided in MAC 94-06 remains in effect; however, manufacturers of PZEVs certified to the requirements in 13 CCR 1962(c) shall update their EWIRs, FIRs and EIRs for twelve (12) years from the calendar year after the model-year designation of the PZEV. For example, manufacturers of MY2002 PZEVs are required to submit EWIRs 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).