



Air Resources Board



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June 8, 2010

MANUFACTURERS ADVISORY CORRESPONDENCE (MAC) 2010-01

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 2011 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 MY2011 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 the inapplicability of the replacement cost limit to warranties for vehicles voluntarily certified to the requirements of Title 13, California Code of Regulations, Section 1962.1(c) (13 CCR §1962.1(c)), last amended February 13, 2010; that is, the vehicles for which the manufacturer has requested partial zero-emission vehicle (PZEV) credit allowances.

If you have any questions regarding LSIE warranty matters, please contact Mr. Byron Ng, Air Pollution Specialist, Off-Road Spark-Ignited Engine Certification Section, at (626) 459-4312 or by e-mail at bng@arb.ca.gov. For questions regarding medium-duty engine warranty matters, please contact Mr. Zachary Evans, Air Resources Engineer, Compression-Ignition and Heavy-Duty Certification Section, at (626) 450-6114 or by e-mail at zevans@arb.ca.gov. For all other matters in this MAC, please contact Mr. Steven Hada, Air Resources Engineer, On-Road Light-Duty Certification Section, at (626) 575-6641 or by e-mail at shada@arb.ca.gov.

Sincerely,

/s/

Annette Hebert, 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

MANUFACTURERS ADVISORY CORRESPONDENCE (MAC) 2010-01

SUBJECT: Cost Limit For High-Priced Warranted Parts For 2011 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: MY2011 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. Zero-Emission Vehicle Standards for 2009 and Subsequent Model Passenger Cars, Light-Duty Trucks and Medium-Duty Vehicles [13 CCR §1962.1(c)]
 4. Defects Warranty for 2001 and Later Off-Road Large Spark-Ignition Engines [13 CCR §2435]
 5. Manufacturers Advisory Correspondence No. 90-08

POLICY:

1. Identification of the Highest-Cost Metropolitan Area of California for MY2011

According to 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 MY2011, 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 MY2010

According to 13 CCR §2037(c) or §2435(b), as applicable, the cost limit for high-priced warranted parts for MY2011 PCs, LDTs, MDVs, MDEs, and LSIEs is calculated using the annual average nationwide urban consumer price index (CPI) for 2009, 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. Rounded to the nearest ten dollars, the MY2011 cost limit is \$540, as calculated below:

$$\begin{aligned}\text{MY2011 Cost Limit} &= \$300 \times (\text{calendar 2009 CPI/baseline CPI}) \\ &= \$300 \times (214.5/118.3) \\ &= \$540\end{aligned}$$

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 \$440 (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. ***All applications and required documentation (i.e., high-priced warranted parts cost list) must be submitted using the Air Resources Board's Document Management System.***

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 MY2011 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. Inapplicability of Cost Limit to Warranty for Partial Zero-Emission Vehicles (PZEVs)

Any vehicles for which the manufacturer has requested certification to the requirements in 13 CCR §1962.1(c) (i.e., vehicles for which PZEV credit allowances are requested) are required under 13 CCR §1962.1(c)(2)(D) to have an extended defects and performance warranty period of 15 years (10 years for batteries for traction of hybrid electric PZEVs) or 150,000 miles, whichever occurs first. Since this warranty is not affected by the cost of a part, Items 1-6 of this MAC are not applicable to vehicles certified as PZEVs.