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State of California, Air Resources Board

Public Hearing to Consider Amendments to California's Emissions Warranty Information Reporting and Recall Regulations and Emissions Test Procedures.

Hearing Date: December 7, 2007, Agenda Item # 06-11-5

Written Comments of Caterpillar Inc.

Caterpillar Inc. is a major manufacturer of heavy-duty diesel engines for on-highway, non-road, marine, locomotive, and stationary engine applications. As such, Caterpillar is significantly impacted by any proposed rulemaking concerning reporting and recall regulations for our certified engines. Caterpillar hereby comments on California's Emission Warranty Information Reporting and Recall Regulations and Emission Test Procedures (hereinafter, the "Proposed Defect Reporting Rule" or the "Proposed Rule").

The Proposed Defect Reporting Rule raises a number of concerns and would impose significant additional costs on engine manufacturers with little benefit to the environment. The increased manufacturer costs associated with the Proposed Rule would, in many cases, not result in any emissions benefits. Where emissions benefits may accrue, they are greatly outweighed by the extent of unnecessary manufacturer burden and burden to ARB. Caterpillar supports the oral and written comments of the Engine Manufacturers Association regarding the Proposed Rule. Caterpillar hereby incorporates by reference the oral and written comments of the Engine Manufacturers Association, and respectfully provides the following additional comments for consideration by the Air Resources Board ("ARB").

A) Caterpillar has significant concerns with the Proposed Rule that, if promulgated, would require a recall or corrective action for any alleged defect occurring in excess of certain thresholds, regardless whether it increases emissions either marginally or above the applicable certified level. ARB's mandate, under California Health & Safety Code Section 43000 *et seq.*, is to control and eliminate air pollution from engines. Caterpillar believes that the Proposed Rule clearly extends beyond the legal mandate of the ARB because it is not limited to requiring corrective action or recall in cases involving emissions impact.

B) Caterpillar strongly objects to the ARB proposed requirement that engine manufacturers determine, at the time of certification, that engine components will not exceed a 4% failure rate over useful life. Extended operational data to verify such a determination is not available at the time of certification making this requirement impractical. ARB also has no basis for deeming the proposed warranty-reporting threshold of 4%, as set forth in the Proposed Rule, to be a "test procedure." Test procedures are well-defined methods for measuring compliance with emission limits for purposes of certifying engine families. It is inappropriate for ARB to link the failure rates of emissions control devices from in-use engines to the well-defined test procedures applicable to engine certification.

C) Caterpillar opposes the proposed extension of warranty requirements for medium heavy-heavy duty diesel engines to an interval beyond the regulatory useful life period. The useful life mileage requirement for medium-heavy duty engines is 185,000 miles, and ARB lacks regulatory authority to require an extended warranty period beyond useful life.

D) Caterpillar also opposes the limited extent to which the Proposed Rule, if adopted, would permit manufacturers to screen out warranty claims that do not result from failures (e.g., "no fault found" claims) and segregate failures due to different failure modes. Parts may be replaced even though no actual failure occurred, due to issues perceived by the customer. Additionally, components may consist of many subcomponents and may involve multiple possible failure modes. As a result, two separate warranty claims against the very same part number often may reflect very different failure modes. It is unnecessary and impractical to require corrective action and/or recalls with respect to components whose total warranty claims exceed the proposed regulatory threshold of 4%, but which could experience multiple causes of failure. The failure rates associated with different failure modes, the impact on emissions (if any), the need for corrective action, and the range of corrective actions available will vary widely depending on the failure modes for a given component. Manufacturers should not be required to aggregate warranty claims with vastly different and unrelated root causes for purposes of "automatic" and mandatory corrective action and potential recall activity.

E) Caterpillar believes that the ARB should not add additional regulatory burden in the form of warranty reporting in the 2010 time frame, when new emissions standards and OBD requirements are also coming into effect. This additional burden in the same model year will dramatically increase manufacturer workload, risk, and uncertainty as the most stringent on-highway emission limits ever imposed are implemented for heavy-duty diesel engines. Caterpillar requests that the Defect Reporting Regulation be deferred until 2013 at the earliest.

Caterpillar urges the ARB to defer taking action on the Proposed Rule to provide adequate time for industry input on this important rulemaking. Fundamental changes to current warranty reporting requirement have been developed and proposed in a time frame insufficient to permit adequate industry review and comment. Caterpillar requests the ARB direct its staff to hold a workshop to review the major rule changes that are proposed.

Respectfully submitted,



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