MITSUBISHI MOTORS

MITSUBISHI MOTORS CORPORATION
1, Nakashinkiri, Hashime-cho,
Okazaki, Aich 444-8501 JAPAN

December 5, 2006
FMS-016

VIA ELECTRONIC DELIVERY

Clerk of the Board
Air Resources Board
1001 "I" Street
23rd Floor
Sacramento, California 95814

Re: Comments Regarding Notice of Public Hearing to Consider Amendments to California's Emission Warranty Information Reporting and Recall Regulations and Emission Test Procedures (Released October 10, 2006)

Hearing Date: December 7, 2006

Mitsubishi Motors Corporation (MMC) submits the following comments to the Air Resources Board regarding the proposed Amendments to California's Emission Warranty Information Reporting and Recall Regulations and Emission Test Procedures (Released on October 10, 2006). These comments supplement the comments concurrently submitted by the Alliance of Automobile Manufacturers and the Association of International Automobile Manufacturers. MMC requests that these comments be included as part of the public record.

Regulatory compliance is a top priority at MMC. MMC has an official corporate policy of "Compliance First." Furthermore, compliance is not just about following the letter of the regulation, but also the spirit behind the rule. Noboru Matsuda, Chairman of the Business Ethics Committee, has recently written:

> I believe that compliance means not only the observance of laws and regulations, but also "honestly fulfilling the expectations and demands that society places on companies." [See *MMC Social and Environment Report 2006*, Page 6]

One way we work to meet society's expectations is to maintain customer satisfaction. For example, in the last year, MMC initiated three voluntary emissions recall campaigns for problems far below ARB's regulatory requirement triggers. These voluntary emissions recalls were undertaken for customer satisfaction, not due to any government mandate.

TECHNICAL COMMENTS

Over the past few years, we have found some concerns in the warranty reporting regulations and sought ARB guidance. One main source of concern has been how warranty claims for vehicle problems addressed by "running changes/field fixes" (RC/FF)

are handled. Currently, ARB staff requires the reporting of claims for test groups with an active RC/FF towards warranty reporting. This reporting is meaningless since the claims are not for defects, but for fixes. In the past, ARB staff has acknowledged that there is a problem, but has not yet taken action towards addressing it.

The concern is attributable to two factors. First, warranty reporting rules predate OBD II, and thus do not take OBD II into account. Second, this area of RC/FF issues is principally a certification matter, yet has been redundantly addressed in warranty reporting. Manufacturers seek the least burdensome process to institute quick, proactive repairs through RC/FFs. However, the proposed amendments do not address the ongoing concern. The current proposal would force the most burdensome process onto manufacturers.

Concerns Related to Warranty Reporting and "Running Changes/Field Fixes"

To provide background on how "running changes/field fixes" (RC/FF) and warranty reporting are related, we will first describe the RC/FF process. The RC/FF process begins when an emission related part starts to fail in the field and customers bring their vehicles for repair. Each repair is recorded as a warranty claim. Once the number of failures reaches a significant level, an investigation begins to find the problem's root cause and repair. If the vehicle is still in production it can be modified during assembly (running change) and in-use vehicles are repaired via "field fix."

To implement a RC/FF, approval must be gained from ARB as the RC/FF changes the vehicle's original certification. [See *California Exhaust Emission Standards and Test Procedures for 2001 and Subsequent Model Passenger Cars, Light-Duty Trucks, and Medium Duty Vehicles*. Adopted August 5, 1999. Page 8-1] Under the current practice, as the RC/FF is implemented in the field, the associated warranty claims are counted in warranty reporting. This practice is at the discretion of the ARB staff as the current regulations are not specific on this issue. Under the current proposal, claims reported after the RC/FF would be similarly counted towards warranty reporting. This counting of RC/FF related claims towards warranty reporting discourages proactive RC/FF action.

So, there are two populations to count towards warranty reporting, the claims before the RC/FF and the claims after the RC/FF. The ARB proposal counts both the pre- and post-RC/FF claims in warranty reporting. Furthermore, the proposal would count vehicles that are updated in the plant towards the same population count, if they come into the dealership. However, these vehicles updated at the plant are of the new configuration and should not be counted at all.

Counting the post RC/FF claims in warranty reporting will increase the claim count quickly. This penalizes a manufacturer for doing early RC/FFs with accelerated warranty reporting levels. In turn, the risk of reaching EWIR or SEWIR levels goes up and creates a disincentive for early RC/FF implementation. However, if RC/FF claims are not counted towards warranty reporting, the vehicle problem will likely be more quickly fixed. As the potential for future "failures" is reduced, excess emissions are avoided.

Under the proposed amendments, RC/FFs are approved by the ARB certification staff, but counted against manufacturers by the ARB warranty reporting staff. Therefore, we request ARB either:

1) Not require warranty reporting of RC/FF related claims once a RC/FF is active, or
2) Establish a clear and distinct reporting path specifically for reporting these claims.

The proactive updating of vehicles with voluntary RC/FFs should be encouraged and acknowledged as a successful fix.

Issues Related to False MILs

A specific example of the RC/FF issue can be found in the area of false MILs. Due to the complexity of today's OBD systems and technology forcing nature of ARB's regulation, OBD systems continue to evolve. Occasionally, customers will operate the vehicle in an unexpected manner and the OBD system may not always be able to adapt. In such cases, a false MIL occurs when the PCM detects a misevaluation of the OBD system. This is not a defect in the PCM nor do false MILs have any adverse impact on emissions.

One of the primary solutions to a false MIL is to update the OBD software. This fix is the reflash of the ECU system, i.e., an update to the vehicle software. This action is addressed by OBD regulations and must be reported to and approved by the ARB certification group. Furthermore, if ARB's OBD staff considers the false MIL a defect to the OBD system, they can issue a deficiency to the OBD application.

In the proposed amendments, the RC/FF claims for false MILs are required to be reported in the warranty reporting. Such a RC/FF action is in the best interest of customers and supports the evolution of the best emissions control and OBD systems. Such preemptive actions should not be counted in warranty reporting. Rather, ARB should support and encourage proactive RC/FFs. Michael McCarthy, manager of ARB's OBD group has frequently commented he would like to see manufacturers update OBD systems like Microsoft updates Windows software.

In the proposed amendments, the RC/FF related claims for false MILs are required to be reported in warranty reporting. However, false MILs have no emissions impact, are dealt with as part of the certification process, and are currently regulated by ARB's OBD group. Therefore, we request ARB either:

1) Clearly state that warranty reporting for false MIL related claims is not required, or
2) Establish a single distinct reporting path specifically for reporting these claims.

MMC requests the Board direct staff to work with stakeholders to revise the proposal and establish an appropriate process for RC/FFs and false MILs. MMC appreciates the opportunity to provide these comments to the Air Resources Board.

Sincerely yours,
MITSUBISHI MOTORS CORPORATION

K. Shiraishi

K. Shiraishi, General Manager
Field Information Management Department
Quality Affairs Office