

CDSP

Administered by NCDS

California Dispute Settlement Program

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(586) 226-2470
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July 19, 2019



RE: CASE # [REDACTED]

Dear [REDACTED]

Please find enclosed the Manufacturer's Response Form from Tesla, a copy of which has also been forwarded to the Arbitrator(s)

This form represents Tesla's position with regard to the above referenced case. It neither constitutes a final decision nor does it necessarily reflect specific findings of fact. Any questions or comments you may have regarding this form should be documented **IN WRITING** and submitted to CDSP via fax, email or First class mail.

CDSP is responsible for monitoring the progress of this case and will be happy to answer any questions you may have about the arbitration process. You may call CDSP, toll free, at 888-300-6237.

Sincerely,

CDSP

[REDACTED]
Case Administrator

Enclosure: as noted

cc: [REDACTED]

Tesla Motors

**MANUFACTURER RESPONSE FORM
TESLA, INC.**

Consumer Name:	Case #:
VIN:	Start Date: 7/5/19 (date CCF signed)

Manufacturer Information

Region: Southern California	Primary Service Center: Torrance
Can the hearing be held at the servicing dealership:	Yes No XX N/A

Manufacturer's Statement

Are the consumer's concerns covered under TESLA's Warranty? If no, please explain:

The high voltage (HV) battery is covered by an 8 year, unlimited mile warranty. However, the customer's concern about the vehicle/battery range is excluded. See Exhibit B.

Is the consumer's vehicle currently unrepaired? Does the concern exist? Explain:

No.

Is the use, value or safety of this vehicle substantially impaired? Explain:

There is no substantial impairment of use, safety, or value resulting from any alleged failure to conform the vehicle to its warranty. See further discussion, below.

Are the number of repair attempts or number of days down accurate? Explain:

The customer did not submit any service records with his Claim Form as the vehicle has not been subject to repair for this concern. The CCF lists three alleged repair attempts with no repair order number and the same odometer reading, but there are no service records supporting that he authorized repairs or that repairs were performed.

Please provide your position in regard to the consumer's claim(s).

The 2014 Model S

The subject vehicle is a 2014 Model S 85kWh. The vehicle currently has 63,476 miles on the odometer. The Model S is a state-of-the-art high performance electric vehicle, with all-wheel drive with dual drive inverters supporting regenerative braking which enhances and extends

the vehicle's range. The vehicle comes with top-flight safety features as well as a 17 in. touchscreen equipped with navigation, a high-definition back-up camera, Bluetooth connectivity with voice controls, and much more. The customer also configured his vehicle to include an all glass panoramic roof, Autopilot, Tesla's Smart Air Suspension, a performance dual motor, the ultra high fidelity sound package and other appearance upgrades. The vehicle is a first class luxury sedan with zero emissions. (Exhibit A)

Tesla's Warranty

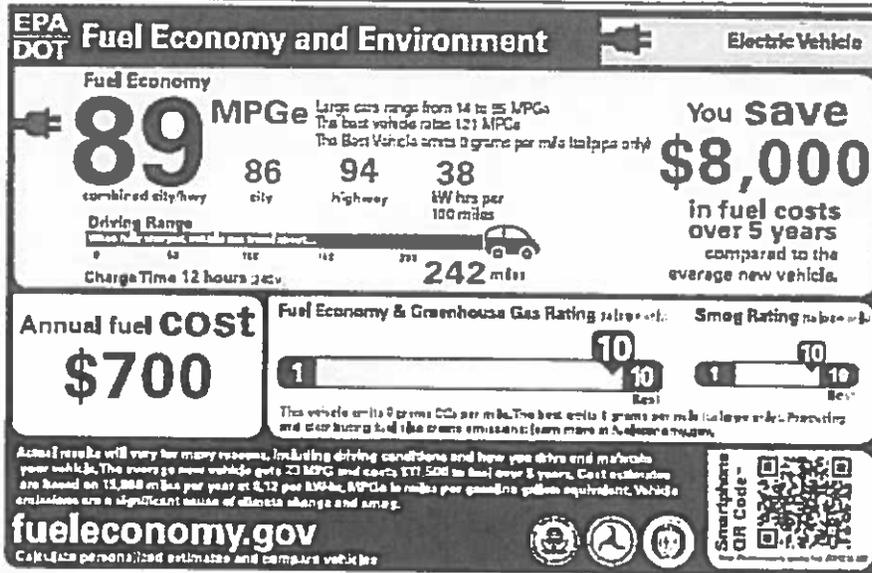
Tesla has a generous battery warranty that covers the Model S's High Voltage Battery for 8 years and unlimited miles. (See Exhibit B). Tesla has a Warranty because our cars – like every other car on the road – need service from time to time. Just as our cars are energy efficient, we as a company must be efficient so we don't "throw parts at cars" and we do our level best to fix our customers' cars so our customers can enjoy many, many miles ahead. However, the concerns expressed here are not something needing a "fix" as battery degradation is a normal process and the HV Battery Warranty specifically excludes normal range degradation:

The Battery, like all lithium-ion batteries, will experience gradual energy or power loss with time and use. Loss of Battery energy or power over time or due to or resulting from Battery usage is NOT covered under this Battery and Drive Unit Limited Warranty, except to the extent specified in this Battery and Drive Unit Limited Warranty.

We regret the customer is frustrated with his Model S's range. We are hopeful and confident we can restore this customer's confidence in his vehicle and with our company. However, we analyzed the service history for the customer's vehicle, conferred with the local service team, and reached a good faith conclusion that the vehicle does not qualify for repurchase or replacement for the reasons set forth below.

No Fault Found with the High Voltage Battery or Range

The customer complains that his vehicle's HV battery is degraded and needs to be replaced because he is not experiencing the range he believes he should on a full charge. However, this issue may arise out of the customer's potential misunderstanding of his vehicle and of Tesla's representations regarding range. The vehicle's Monroney Label (Exhibit A) advises the customer, as to driving range: "When fully charged, vehicle can travel about...242 miles." This is for the new vehicle.



Thus, from the outset, Tesla advises customers of the approximate range on a full charge under ideal circumstances, and that range can be affected by numerous factors which are discussed in the Owner's Manual. Exhibit C is an excerpt from the Manual advising customers how to get the most range out of their vehicles since driving habits, environmental conditions, and other circumstances—including age of the vehicle and its HV battery—affect range.

On June 14, one of our service technicians advised the customer (via text) that we had analyzed the health of his battery and that there was no fault found:

14-Jun-2019, 12:16 PM

Text sent successfully to [redacted]: Hello This is Hector one of the tech reviewing you issue. I have ran a battery health check on your vehicle and also a capacity test that is measured across out entire fleet of vehicle with your configuration P85D. All test passed. Battery is not reporting any issues Look like the range drop is due to regular battery degradation. Over time it is normal for the performance of the battery to drop as it gets older. Your vehicle is 1.6 % lower than the average of similar vehicles, which is 219.4 Ah.

The CAC of this battery does not reside in the concerning bounds.

(CAC = Calculated Amp-hour Capacity)

The customer disputed this characterization of normal degradation, to which the technician further explained (via text message):

14-Jun-2019, 04:05 PM

this was never seen

yeah i understand, I looked at your faults and you have had a constant alert the last few days stating the vehicle charge limit has changed due to degradation. Limit points to this condition. If this alert is present, the cells have accumulated enough wear mostly from DC charging but also from regular cycling where it becomes unable to charge at levels it was when new nothing else. Battery health shoes ok and compared to other vehicle with the same configurations its working as designed .

The software's range calculation for real-time information involves complex algorithms that are continually evolving and sometimes the range calculations are inaccurate. However, that does not translate to a defect in the battery as the battery health and range operates independent of what the software is calculating for range. Thus, the true range of the vehicle is measured by drive conditions and real-time battery measurements. In any event, the battery --like any other battery cell-- slightly degrades over time. The retention of our battery cells have been designed to perform well for the life of the car, but some decrease is expected over time -- and, in this case, it is over about 5 years and over 63,000 miles of use.

To confirm this conclusion, the service technician presented the concern to our battery engineering team at Headquarters in Palo Alto. They, too, confirmed there was no fault with his vehicle and that the battery currently continues to retain over **85%** of its initial capacity even after 5 years and more than 63,000 miles, and even after a recent software update limited capacity slightly. This update was performed to protect the high voltage battery from ~~potential failure modes~~ and improve its overall longevity. There is no other impact to the vehicle's performance, however, some Model S and X vehicles may experience some reduction in range when they charge to the maximum state of charge. Charging to something less (80-90% instead of 100%) reduces this impact. Also, Tesla is working to reduce this impact even further. However, even despite this update -- which is designed to protect the battery and the vehicle and ultimately the customer -- the range degradation is not abnormal, and, again, range is not a warrantable concern.

There is no fault with the HV battery or the range the customer is achieving. **This vehicle has normal HV battery degradation and no failing components.** The retention of battery range is highly dependent on how much the customer drives and how much time they've had the pack. It also is minorly affected by temperatures, how deeply the pack gets discharged, how much the customer utilizes supercharging, and what hardware is in the pack. We have automated tools that can remotely check if the pack is behaving as expected and we've done that for this customer and there is no fault found.

Consequently, no repairs have been made, no parts replaced, because there is nothing wrong with the pack.

Conclusion

We regret the customer feels frustrated with his battery and vehicle range, however, we have demonstrated that the HV battery continues to function at a reasonable and expected level even after over 63,000 miles of vehicle use. Tesla respectfully submits that this claim should be denied.

Rep will participate: By Telephone

_____ will appear as the company representative. Please note: I am a licensed attorney and am employed as a full-time in-house counsel within Tesla's Legal Department.

Return this form to :

NCDS

Email: _____

Fax: _____

Person to contact in future:

_____, Managing Counsel

Phone: _____

Email : _____