

GENERAL ELECTRIC

OUTDOOR
POWER EQUIPMENT
OPERATION

GENERAL ELECTRIC COMPANY, CORPORATIONS PARK, BUILDING 702,
SCHENECTADY, NEW YORK 12345, Phone (518) 374-2211

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To: Elec-Trak Tractor Dealers

Warranty claims have been received from dealers with incorrect material cost for batteries that are in the pro-rata period for Homeowner Warranty. Each dealer should review the Product Service section of the Franchise Manual which explains the policy related to battery pro-ration.

To assist you in determining the calculations needed when pro-rating batteries, an example is presented on the following page. While the example is presented for an assumed failure month and warranty, the calculations as shown are representative of the calculations to be made for any month in the pro-rata period and for other warranty periods.

Following determination of pro-rata costs, the dealer will be credited by General Electric for the difference between the current dealer cost* and the adjustment cost to the customer provided the dealer cost is greater than the adjustment cost. Battery freight charges are payable by the owner. Labor costs after the first year are payable by the owner.

W. A. Podoba

W. A. Podoba, Manager
Dealer Service

WAP/cp

* Current dealer cost is f.o.b. factory and there is no adjustment made for any type of special buy programs in effect, past or present.



Pro-rata Calculation Example

The customer has experienced a battery failure 29 months after date of tractor sale. The Customer has 6-volt heavy-duty batteries with a 2-year replacement (one year material and labor + one year material only) and 3-year pro-rata warranty. The total warranty is 5-years (60 months).

Customer Cost

The dealer serviceman replaces the failed battery and charges the customer \$20.30 for the new battery after making the following calculation:

$$\frac{\text{Number of Months since date of sale}}{\text{Total Number Months of Battery Warranty}} \times \text{Current Battery List Price} = \text{Customer Cost for Battery}^*$$

$$\frac{29 \text{ months in use before failure}}{60 \text{ month warranty period}} \times \$41.95 \text{ (current battery list price)} = \$20.30$$

*Plus dealer charges for freight and labor.

Dealer Reimbursement

The dealer to receive reimbursement under warranty performs the calculation below and submits \$11.16 on the warranty claim.

Dealer Net Cost of Battery - Customer Battery Cost =
Dealer Reimbursement

$$\begin{array}{r} \$31.46 \text{ Dealer Net Cost of Battery} \\ - \quad 20.30 \text{ Price Paid by Customer} \\ \hline \$11.16 \text{ Submitted on the Warranty Claim} \\ \text{for Dealer Reimbursement.} \end{array}$$

NOTE: After 12 months, labor is not recoverable under warranty on batteries replacement.