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HYUNDAI · KIA MOTORS

January 26, 2007

VIA FEDERAL EXPRESS

Jeffrey L. Quandt, Chief
Vehicle Control Division
Office of Defects Investigation
U.S. Department of Transportation
National Highway Traffic Safety Administration
400 Seventh Street, S.W.
Washington, D.C. 20590

Re: Engineering Analysis (EA06-007)
1996-2002 Kia Sportage: Fuel Tank

Dear Mr. Quandt:

This letter is submitted in response to your letter of December 20, 2006 sent to Hyundai America Technical Center, Inc. ("HATCI") (Reference NVS-213kmb/EA06-007). That letter requested additional information regarding allegations of fuel tank leaks in the 1996-2002 MY Kia Sportage vehicles. Although HATCI is an organization independent of both Kia Motors Corp. ("KMC") and Kia Motors America, Inc. ("KMA"), it has been designated by those organizations to act as their communication liaison with the National Highway Traffic Safety Administration ("NHTSA"). This response is submitted to NHTSA by HATCI in that limited role.

REQUEST NO. 1:

State the number of each of the following, received by Kia, or of which Kia is otherwise aware, which relate to, or may relate to, the alleged defect in the subject vehicles:

- a. Consumer complaints, including those from fleet operators;
- b. Field reports, including dealer field reports;
- c. Reports involving a crash, injury, or fatality, based on claims against the manufacturer involving a death or injury, notices received by the manufacturer alleging or proving that a death or injury was caused by a possible defect in a subject vehicle, property damage claims, consumer complaints, or field reports;

- d. Reports involving a fire, based on claims against the manufacturer involving a death or injury, notices received by the manufacturer alleging or proving that a death or injury was caused by a possible defect in a subject vehicle, property damage claims, consumer complaints, or field reports;
- e. Property damage claims;
- f. Third-party arbitration proceedings where Kia is or was a party to the arbitration; and
- g. Lawsuits, both pending and closed, in which Kia is or was a defendant or codefendant.

For subparts “a” through “e,” state the total number of each item (e.g., consumer complaints, field reports, etc.) separately. Multiple incidents involving the same vehicle are to be counted separately. Multiple reports of the same incident are also to be counted separately (i.e., a consumer complaint and a field report involving the same incident in which a crash occurred are to be counted as a crash report, a field report and a consumer complaint).

In addition, for items “c” through “g,” provide a summary description of the alleged problem and causal and contributing factors and Kia’s assessment of the problem, with a summary of the significant underlying facts and evidence. For items “f” and “g,” identify the parties to the action, as well as the caption, court, docket number, and date on which the complaint or other document initiating the action was filed.

RESPONSE TO REQUEST NO. 1:

- a. Consumer Communications— 42¹
- b. Technical Assistance Center Reports—1
- c. Reports involving crash, injury, or fatality alleging death or injury was caused by possible defect—0
- d. Reports involving fire involving a death or injury was caused by possible defect—0
- e. Property Damage Claims—0
- f. Third Party Arbitrations—0
- g. Lawsuits—0

¹ The 42 customer communications identified above are in addition to the original 107 communications identified in Kia’s response to PE06-002 dated March 16, 2006. This is the total number of customer communications received through December 31, 2006.

Kia's search included all complaints with the words "fuel tank" and "gas tank". The results were then reviewed to identify those items which relate, or may relate to the alleged defect as described in your letter.

REQUEST NO. 2:

Separately, for each item (complaint, report, claim, notice, or matter) within the scope of your response to Request No. 1, state the following information:

- a. Kia's file number or other identifier used;
- b. The category of the item, as identified in Request No. 1 (i.e., consumer complaint, field report, etc.);
- c. Vehicle owner or fleet name (and fleet contact person), address, and telephone number;
- d. Vehicle's VIN;
- e. Vehicle's make, model and model year;
- f. Vehicle's mileage at time of incident;
- g. Incident date;
- h. Report or claim date;
- i. Whether a crash is alleged;
- j. Whether a fire is alleged;
- k. Whether property damage is alleged;
- l. Number of alleged injuries, if any; and
- m. Number of alleged fatalities, if any.

Provide this information in Microsoft Access 2000, or a compatible format, entitled "REQUEST NUMBER ONE DATA." See Enclosure 1, Data Collection Disc, for a pre-formatted table which provides further details regarding this submission.

RESPONSE TO REQUEST NO. 2:

A listing of all responsive consumer communications is provided on a Data Collection Disc under the category "REQUEST NUMBER TWO DATA".

REQUEST NO. 3:

Produce copies of all documents related to each item within the scope of Request No. 1. Organize the documents separately by category (i.e., consumer complaints, field reports, etc.) and describe the method Kia used for organizing the documents.

RESPONSE TO REQUEST NO. 3:

Copies of the documents identified in response to Request No. 1 are submitted with this letter. See **Tab 1**. They are organized by the following categories:

- Consumer Communication files from KMA's database (42).
- Technical Assistance Center Reports (1).

REQUEST NO. 4:

State, by model and model year, a total count for all of the following categories of claims, collectively, that have been paid by Kia to date that relate to, or may relate to, the alleged defect in the subject vehicles: warranty claims; extended warranty claims; claims for good will services that were provided; field, zone, or similar adjustments and reimbursements; and warranty claims or repairs made in accordance with a procedure specified in a technical service bulletin or customer satisfaction campaign.

Separately, for each such claim, state the following information:

- a. Kia's claim number;
- b. Vehicle owner or fleet name (and fleet contact person) and telephone number;
- c. VIN;
- d. Repair date;
- e. Vehicle mileage at time of repair;
- f. Repairing dealer's or facility's name, telephone number, city and state or ZIP code;
- g. Labor operation number;
- h. Problem code;
- i. Replacement part number(s) and description(s);
- j. Concern stated by customer; and
- k. Comment, if any, by dealer/technician relating to claim and/or repair.

Provide this information in Microsoft Access 2000, or a compatible format, entitled "WARRANTY DATA." See Enclosure 1, Data Collection Disc, for a pre-formatted table which provides further details regarding this submission.

RESPONSE TO REQUEST NO. 4:

A listing of the responsive warranty claims is provided on a Data Collection Disc under the category "WARRANTY DATA".²

Codes Used. In your letter, you requested that Kia provide its "problem code" information. Kia refers to the "problem code" as a "cause code", which carries the letter "C" which reflects the technician's evaluation of the cause of the problem. You also requested that Kia provide information regarding "concerns stated by the customer". Kia's code chart refers to these as "condition codes," but they are commonly referred to as "nature codes," and carry the "N"

² The total number of claims submitted with this response includes the previous warranty claims identified in response to PE06-002 dated March 16, 2006. There are an additional 120 warranty claims since Kia's last submission.

designation. These reflect the service writer's or technician's understanding of the customer's information.

Please note that since this EA requests information going back over 10 years, it extends back into a prior coding period where Cause and Condition codes had different designations; i.e., cause codes had number-letter designations such as 1H and condition codes were typically two digit numbers.

REQUEST NO. 5:

Describe in detail the search criteria used by Kia to identify the claims identified in response to Request No. 5 (sic), including the labor operations, problem codes, part numbers and any other pertinent parameters used. Provide a list of all labor operations, labor operation descriptions, problem codes, and problem code descriptions applicable to the alleged defect in the subject vehicles. State, by make and model year, the terms of the new vehicle warranty coverage offered by Kia on the subject vehicles (i.e., the number of months and mileage for which coverage is provided and the vehicle systems that are covered). Describe any extended warranty coverage option(s) that Kia offered for the subject vehicles and state by option, model, and model year, the number of vehicles that are covered under each such extended warranty.

RESPONSE TO REQUEST NO. 5:

The warranty claim data was obtained by searching for all fuel tank replacement claims without any attempt to focus this warranty information further to identify if any relate to the alleged defect. The data submitted contains all warranty claims from the beginning of the sale of the 1996MY Sportage to the end of the 2006 calendar year. Kia is providing the full universe of fuel tank replacements with this response.

KMA's coding sheets for warranty claims for both the current and previous periods are submitted with this response. **See Tab 2.**

REQUEST NO. 6:

Describe all assessments, analyses, tests, test results, studies, surveys, simulations, investigations, inquiries and/or evaluations (collectively, "actions") that relate to, or may relate to, the alleged defect in the subject vehicles that have been conducted, are being conducted, are planned, or are being planned by, or for, Kia. For each such action, provide the following information:

- a. Action title or identifier;
- b. The actual or planned start date;
- c. The actual or expected end date;
- d. Brief summary of the subject and objective of the action;
- e. Engineering group(s)/supplier(s) responsible for designing and for conducting the action;
And
- f. A brief summary of the findings and/or conclusions resulting from the action.

For each action identified, provide copies of all documents related to the action, regardless of whether the documents are in interim, draft, or final form. Organize the documents chronologically by action.

RESPONSE TO REQUEST NO. 6:

On August 9, 2006, Kia provided NHTSA a complete report and analysis of the results of the Service Inspection Campaign which began on May 15, 2006. Kia refers NHTSA to those letters and supporting documentation for the information responsive to this request. The following information supplements the August 9, 2006 report.

Of the 5,000 notices mailed to owners of the 1996-2002MY Kia Sportage vehicles, a total of 434 customers have participated in the inspection to date. The small percentage response rate suggests to Kia that the remaining customers who did not bring their vehicles in for inspection was because they did not experience fuel tank leak related issues.

Of those 434 customers, 126 customers participated in the Service Inspection Campaign since July 31, 2006. In 123 cases, the dealer found nothing of interest and elected not to submit a report. In three cases, reports were received. Those reports are being provided with this letter. See Tab 3.

REQUEST NO. 7:

Furnish Kia's assessment of the alleged defect in the subject vehicle, including:

- a. The causal or contributory factor(s);
- b. The failure mechanism(s);
- c. The failure mode(s);
- d. The risk to motor vehicle safety that it poses; and
- e. The reports included with this inquiry.

RESPONSE TO REQUEST NO. 7:

Since our last March 16, 2006 and August 9, 2006 submissions to NHTSA, Kia has continued to collect information regarding the Sportage fuel tank issue under investigation. However, no new information has been received which would change its prior analysis.

There was an increase in customer communications prompted either directly or indirectly by the Inspection Service Campaign. Kia has received an additional 42 customer communications about potential fuel tank leak issues since its previous PE response. Of the 42 customer communications, 27 inquiries were prompted by customers receiving information about the service inspection campaign. Most of the customers inquired as to the existence of a recall on the fuel tanks. Of the remaining 15 out of 42 customer communications, 12 communications identified that some sort of fuel leak was present but without any specificity. The other 3 communications identified a fuel leak on the bottom of the tank.

Kia has also received one Technical Assistance Center report related to a fuel tank replacement. However, the tech notes in the warranty data state that he found the pan head screws corroded when he went to remove the fuel pump, and he thus had to replace the fuel tank. See PWA #AC536 OLF of warranty claim data.

a) Causal or contributory factors: Kia's assessment of the causal or contributory factors has not changed since its PE06-002 submission dated April 30, 2006. See response to Request No. 12(3).

b) The failure mechanism(s): Kia's assessment of the failure mechanism has not changed since its PE06-002 submission dated April 30, 2006. See response to Request No. 12(3).

c) The failure mode(s): Kia's assessment of the failure mode has not changed since its PE06-002 submission dated April 30, 2006. See response to Request No. 12(3).

d) Risk to motor vehicle safety: Kia's assessment of the risk to motor vehicle safety has not changed since its PE06-002 submission dated April 30, 2006. See response to Request No. 12(4).

e) VOQ Analysis

Kia's assessment of VOQs 10143640, 10087087, 10129807, 10140887, 10119563, 10139901, 1005037 has not changed since its PE06-002 submission dated April 30, 2006. See response to Request No. 12(5).

1. VOQ No. 10160307; 06/19/06 (VIN: KNDJA7230W5 [REDACTED])

"Strong odor of gasoline in and around the car indicated a fuel leak. When investigated, the leak was coming from the fuel tank underneath the center part of the vehicle. Appears to be due to corrosion of the tank."

This customer called KMA's consumer affairs department at the prompting of the dealer to see if Kia would pay for the repair. It appears based on the description of the location of the leak, that it was due to PVC disruption in the bottom of the tank.

2. VOQ No. 10161303; 06/01/06 (VIN: Unknown)

"The vehicle's gas tank was leaking. A certified independent mechanic determined the cause to be a defect. The vehicle was not taken into the dealer for confirmation."

Kia has no record of this customer contacting the KMA consumer affairs department and thus has no information on which to do an analysis.

3. **VOQ No. 10161481; 11/21/05 (VIN: KNDJA7236X5 [REDACTED])**

“I have a 1999 Kia Sportage with less than 35,000 miles on it as of July 5, 2006. In November of 2005 I started noticing a really strong fuel smell. Shortly thereafter, I noticed fluid leaking from the rear of my vehicle. I took it in around Thanksgiving to find out the gas tank had to be replaced.”

This customer contacted KMA’s consumer affairs department to seek reimbursement for the replacement of his fuel tank on July 27, 2006, probably as a result of the inspection service campaign information. His report to KMA’s consumer affairs department was more specific than his contact with NHTSA and he stated that the “fuel tank was replaced due . . . to the bolts of the fuel sending unit rusted completely on the top of the tank.” Kia’s analysis is that the fuel sending unit screws broke off when the dealer tried to replace the fuel pump. There is no indication that any fuel tank has "fuel leaking from the rear" due to such a rusted screw issue.

4. **VOQ No. 10165908; 08/18/06 (VIN: KNDJA7234X5 [REDACTED])**

“Defective gas tank and fuel lines had to be replaced at owner’s expense of \$836.54. Fortunately problem was discovered before personal injury occurred by fire or explosion.”

This was a coordinated pair of contacts by the wife and the husband (see item 6). The husband’s comment identifies that the leak relates to the fuel lines. This customer similarly contacted KMA’s consumer affairs department and stated that the fuel lines were leaking . . . had to replace gas tank and fuel lines.” The reference by both to fuel lines indicates that this is a fuel sending unit, rusted screw, fuel tank replacement issue.

5. **VOQ No. 10164972; 08/08/06 (VIN: KNDJA7230X5 [REDACTED])**

“The fuel tank assembly developed a hole causing a fuel leak. The dealer replaced the fuel tank and determined the storage assembly also had a leak which could no longer be seen. Gas totally covered the area where the hole was located.”

It is not possible to directly analyze this communication. However, by process of elimination, Kia believes that the fuel storage assembly referred to is most likely the protective shield and the dealer was referring to a leak which could not be seen because it was behind the protective shield.

6. **VOQ No. 10164511; 08/04/06 (VIN: KNDJA7234X5 [REDACTED])**

“There was a smell of gas and a fuel leak observed under the vehicle. It was driven to an independent repair shop who replaced the fuel tank and the fuel lines. The fuel tank and fuel lines had rusted and were leaking gasoline.”

See item 4 for analysis.

7. **VOQ No. 10159336; 06/01/06 (VIN: KNDJA7230Y5 [REDACTED])**

“Gas leaking from top of the gas tank. Gas tank rusted and leaking, sending unit bad. . . Purchased used parts for \$400.00. Wrong sending unit sent, still waiting on units/parts.”

Kia has no record of this customer contacting the KMA consumer affairs department. Kia does not have sufficient information to analyze this VOQ.

8. **VOQ No. 10159791; 06/02/06 (VIN: KNDJA7235Y5 [REDACTED])**

“While parked in the driveway a fuel leak was noticed under the vehicle. It was driven to the dealer who determined that tank had deteriorated and the tank was replaced.”

This customer did not contact the KMA consumer affairs department. There is not sufficient information to make an analysis.

9. **VOQ No. 10161662; 07/06/06 (VIN: KNDJA723Y5 [REDACTED])**

“Gasoline leaked from the vehicle’s gas tank. The vehicle was taken to an independent auto shop on 06/23/06 who confirmed that the gas tank was leaking from the bottom and needed to be replaced. Manufacturer notified and dealer agreed to repair defect at cost.”

The customer contacted KMA’s consumer affairs department. The communication identifies that the dealer found the tank was rusted through on the bottom. It appears that PVC disruption was likely.

10. **VOQ No. 10161760; 07/07/06 (VIN: KNDJA7234Y5 [REDACTED])**

“Gas tank leak and dangerous fumes---vehicle leaked after long trip in July 2006. Corrosion and leak is evident on front end of protective plate under tank.”

This customer contacted the KMA’s consumer affairs department to see if there was a recall which would pay for his repair. Although there is insufficient information to conduct an analysis, Kia believes that the indications are that the customer’s communications were effected by the inspection service campaign.

11. VOQ No. 10164187; 08/02/06 (VIN: KNDJA7237Y5 [REDACTED])

“Fuel tank corroded which caused the fuel to leak. As original owner there is less than 13,000 miles on my car. . . doesn’t make sense that the gas tank would rust out at the top of the tank on a well-maintained, low mile vehicle. . .”

Customer contacted KMA’s consumer affairs department and stated that he saw gas leaking out and that the fuel tank was rusted on the top. No further information was provided by the customer.

12. VOQ No. 10165155; 08/10/06 (VIN: KNDJA723XY5 [REDACTED])

“While driving 25mph, there was a smell of gasoline inside the vehicle. An independent repair shop inspected the vehicle and determined the fuel line had cracked and disintegrated. The consumer believes that the metal piece bolted onto the fuel tank, which held the fuel pump was made of poor metal. The metal rusted and allowed fuel to leak from the tank.”

Kia has no record of this customer contacting the KMA consumer affairs department. Kia does not have sufficient information to analyze this VOQ.

13. VOQ No. 10166422; 08/24/06 (VIN: KNDJA7231Y5 [REDACTED])

“. . . A very strong gasoline smell was noticed inside and outside of the vehicle. Dealership determined there was a hole in the gas tank. The parts were not in and when [customer] returned to a different dealership to have the hole repaired, the hole had deteriorated even more. The fuel tank was replaced along with the fuel sending unit and pump. The pressure sensor was also affected by the corrosion.”

Customer contacted KMA’s consumer affairs department and stated he had “found a gas tank leak a month ago.” Customer did not identify any particulars.

14. VOQ No. 10167663; 09/03/06 (VIN: KNDJA7234Y5 [REDACTED])

“Smelled fuel coming from the under the vehicle. Found fuel tank rusted and fuel seeping out of tank. Also found the tank’s protective pan that holds the tank up rusted and ready to fall off, which would allow the fuel tank to fall down”

Kia has no record of this customer contacting the KMA consumer affairs department. The customer’s statement that the fuel tank was ready to fall down is not possible. The lack of specificity along with broad language leaves some possibility that the customer has assumed a leak because he saw corrosion.

15. VOQ No. 10167773; 09/10/06 (VIN: KNDJA723XY5 [REDACTED])

“Fuel tank in 2000 Kia Sportage has multiple leaks due to heavy corrosion in back lower half of tank. Protective outer shell is also corroded beyond repair.”

Kia has no record of this customer contacting the KMA consumer affairs department. The information indicates PVC disruption in the back lower half of the tank. It is unclear if this is on the back of the tank or above the shield in the back half.

16. VOQ No. 10172735; 09/06/06 (VIN: KNDJA7234Y5 [REDACTED])

“ . . . While parked and at various speeds, a smell of fuel was noticed inside and around the vehicle. It was taken to an independent repair shop who determined that the fuel tank was leaking fuel. The dealer was contacted, who determined that the fuel tank needed to be replaced. . . .”

Kia has no record of this customer contacting the KMA consumer affairs department. Kia does not have sufficient information to analyze this VOQ.

17. VOQ No. 10163187; 07/22/06 (VIN: KNDJA723215 [REDACTED])

“2001 Kia Sportage in for an oil change, mechanic noticed leak from gas tank. . . .”

Kia has no record of this customer contacting the KMA consumer affairs department. Kia does not have sufficient information to analyze this VOQ.

18. VOQ No. 10169036; 09/23/06 (VIN: KNDJA723415 [REDACTED])

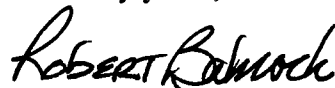
I own a 2001 Kia Sportage . . . with 38,000 miles. . . Fuel tank has corroded and has a leak. . . .”

Kia has no record of this customer contacting the KMA consumer affairs department. Kia does not have sufficient information to analyze this VOQ.

Conclusion

The conclusions contained in Kia’s prior analysis remain unchanged based on what appear to be consistent additional reports. The data and extraordinarily robust investigations conducted by Kia into this matter and data submitted to date provide no evidence that this issue poses an unreasonable risk to highway safety. Kia therefore believes that the appropriate step at this point is to close the investigation.

Sincerely yours,



Robert Babcock
Manager—Corporate Affairs