

Executive Committee May 14, 2014 Conference Call Minutes

Participants: Steve Kennedy, Chairman
Greg Shank, Vice-Chairman
Robert Stockwell, User
Doyle Boese, Producer
Jerry Gropp, Producer
Bill Lam, Producer
Jason Bowden, General Interest
Tim Brooke, ASTM
Frank Farber, Secretary

The chairman started the call at 9:00 am. Frank Farber presented Attachment1. During the presentation the committee discussed several different fee structures for the bench test areas such as annual fees coupled with per test fees and per test fees only. Ultimately, the committee agreed that a per test fee similar to how crankcase fees are handled would be best. The committee's recommendation was to have Frank go back and develop a 3-year plan so that the bench test areas would be self-supporting in 3 years. The committee also requested that income and expenses for each ASTM Test Monitoring System stream be shown.

The meeting concluded at ~ 10:30 am eastern.

Submitted by, Frank Farber 5/30/2014

ASTM TMC Bench Test Fee Study

May 2014

Purpose

- The TMC was tasked with studying a per test cost model for bench billing at the March 18, 2014 Executive Committee meeting.

Year End 2013 Net Income

	Light-Duty	Heavy-Duty	Gear	Bench	Other
Revenue	600,140	451,936	376,649	531,425	1,182,465
Expenses	478,507	468,317	500,591	791,904	857,369
Net Income	121,632	(16,381)	(83,942)	(268,479)	325,096

Study Considerations

- Ensure sample fees cover TMC preparation and shipping costs
- Utilize lab shipping account when possible, otherwise invoice lab for shipment
- Implement per test fee model
- Reference test fees balance TMC costs
- Implement test fees so lab test costs are not significantly impacted

Study Considerations (cont.)

- Per candidate fee costs were not calculated because of difficulty in determining occupied positions per bath and overall utilization

Oil Sample Fee Exhibit I

	Annual Test Count	Sample Fee (\$)		Annual Revenue (\$)	
		Current	Proposed	Current	Proposed
CBT	58	23	25	1,334	1,450
HTCBT	592	23	25	13,616	14,800
EOFT	234	23	25	5,382	5,850
EOWT	1482	23	25	34,086	37,050
BRT	312	23	25	7,176	7,800
EOEC	482	31	35	14,942	16,870
LDEOC	580	31	35	17,980	20,300
			Total	94,516	104,120

Oil Sample Fee Exhibit II

	Annual Test Count	Sample Fee (\$)		Annual Revenue (\$)	
		Current	Proposed	Current	Proposed
ROBO	190	23	25	4,370	4,750
D 874	12	23	25	276	300
D 6417	36	23	25	828	900
GI	38	23	25	874	950
TEOST	34	23	25	782	850
MTEOS	166	23	25	3,818	4,150
EVLO	64	23	25	1,472	1,600
FOAM	25	31	35	775	875
			Total	13,195	14,375

Oil Sample Fee Summary

	Sample Fee (\$)		Annual Revenue (\$)	
	Current	Proposed	Current	Proposed
Exhibit I	23/31	25/35	94,516	104,120
Exhibit II	23/31	25/35	13,195	14,375
		Total	107,711	118,495

Test Fee Considerations

- There is little difference from a time standpoint for TMC staff to review a bench test vs. a crankcase test due to implemented review systems.

Test Fee Consideration (cont.)

- Should all bench tests have the same review fee or should the test fees be adjusted on a test areas basis to maintain the current revenue distribution?

Invoicing Considerations

- CBT, HTCBT, EOFT, EOWT, BRT, LDEOC and EOEC are billed on an annual basis because yearly test counts are typically 200-1500.
- Labs feel an annual billing model keeps invoicing costs down for these tests.
- Remaining bench test areas have counts less than 200 /year and are billed on a per test basis.

Test Fee Exhibit I

(Annually Billed Tests)

	Labs	Annual Test Count	Test Fee (\$)		Lab Charges	Annual Revenue (\$)	
			Current ¹	Proposed ²		Current	Proposed
CBT	2	58	6100	75	450	12,200	4,350
HTCBT	6	592	6100	75	450	36,600	44,400
EOFT	4	234	6100	75	360	24,400	17,550
EOWT	4	1482	6100	75	575	24,400	111,150
BRT	3	312	6100	75	630	18,300	23,400
EOEC	4	482	6100	75	820	24,400	36,150
LDEOC	5	580	6100	75	820	24,400	43,500
					Total	164,700	280,500

¹Annual per lab fee

² Per test fee

Test Fee Exhibit II

(Billed per Test)

	Annual Test Count	Test Fee (\$)		Lab Charges	Annual Revenue (\$)	
		Current	Proposed *		Current	Proposed
ROBO	190	490	500	2,000	74,480	95,000
D 874	12	490	500	85	5,390	6,000
D 6417	36	490	500	210	14,210	18,000
GI	38	490	500	195	15,680	19,000
TEOST	34	490	500	365	15,190	17,000
MTEOS	166	490	500	445	66,150	83,000
EVLO	64	490	500	200	26,460	32,000
FOAM	25	490	500	110	12,250	12,500
				Total	229,810	282,500

* All operationally valid tests are billed

Test Fee Exhibit III

	Annual		Cost/Test (\$)	
	Test Count	Revenue (\$)	Current	Proposed
CBT	58	12,200	210	75
HTCBT	592	36,600	62	75
EOFT	234	24,400	104	75
EOWT	1482	24,400	16	75
BRT	312	18,300	59	75
EOEC	482	24,400	51	75
EOWT	580	24,400	42	75
ROBO	190	74,480	490	500
D 874	12	5,390	490	500
D 6417	36	14,210	490	500
GI	38	15,680	490	500
TEOST	34	15,190	490	500
MTEOS	166	66,150	490	500
EVLO	64	26,460	490	500
FOAM	25	12,250	490	500

Test Fee Summary

	Test Fee (\$)		Annual Revenue (\$)	
	Current	Proposed *	Current	Proposed
Exhibit I	6100	75	164,700	280,500
Exhibit II	490	500	229,810	282,500
		Total	394,510	563,000

* All operationally valid tests are billed

Overall

	Annual Revenue (\$)	
	Current *	Proposed
Oil Sample	107,711	118,495
Test Fees	394,510	563,000
Income	502,221	681,495
Expenses	791,904	791,904
Net	-289,683	-110,409

*Based on test count and not actual