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November 14, 2016

Mr. Hampton Newsome  
Federal Trade Commission  
Office of the Secretary  
600 Pennsylvania Avenue NW  
Suite CC-5610 (Annex E)  
Washington, DC 20580

Re: Energy Labeling Amendments (16 CFR Part 305) (Project No. R611004) --  
Electric Instantaneous Water Heaters

Dear Mr. Newsome,

Rheem Manufacturing Company ("Rheem") submits the following written comments in response to the Notice of proposed rulemaking ("NOPR") published by the Federal Trade Commission ("FTC") on September 12, 2016, in 81 Federal Register ("FR") 62681 amending the Energy Labeling Rule as it relates to electric instantaneous water heaters. Rheem understands the need for expanding the applicability of EnergyGuide labels to consumer electric instantaneous water heaters to align with other types of consumer water heaters, and we appreciate this rulemaking from the FTC. Our comments below convey concerns and questions Rheem has with respect to applying the EnergyGuide label to many consumer electric instantaneous water heater models we manufacture and further relate these concerns to the EnergyGuide label templates incorporated in the final energy labeling rule published on September 15, 2016, in 81 FR 63634 and on the FTC website having EnergyGuide label templates for manufacturers.

### **Interests of Rheem Manufacturing Company**

Rheem is a privately held company with headquarters in Atlanta, Georgia, and U.S. operations in Alabama, Arkansas, California, Connecticut, Florida, Indiana, North Carolina, Texas and Utah. In its 91st year of operation, the company is a global manufacturer of conventional and hybrid storage water heaters, tankless water heaters, solar water heating systems, pool and spa heaters, commercial boilers, residential hydronic and geothermal systems, residential and commercial heating, cooling, commercial refrigeration products, indoor air quality accessories, and replacement parts for all categories. The company's premium brands include Rheem, Raypak, Ruud, Richmond, Eemax, and EcoSmart. Rheem products have been recognized with countless industry and consumer awards for reliability, innovative design and high quality.

### **Comments to the Adoption of the Electric Instantaneous Water Heater Label in NOPR**

Rheem appreciates the FTC revising and amending the Energy Labeling Rule to better incorporate and reflect the changes of the consumer water heater test procedures rule



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promulgated in July 2014 by the U.S. Department of Energy (“DOE”) and expanding the rule’s coverage to include electric instantaneous water heater models.

Additionally, Rheem supports and endorses the comments provided to the FTC by the Air-Conditioning, Heating, and Refrigeration Institute (“AHRI”) in response to the subject NOPR. While we believe the final water heater label sample displayed in the final rule, 81 FR 63659, more clearly provides to the consumer the necessary data to understand and compare the energy usage, operating costs, and the hot water delivery capabilities of different water heaters, we also believe the FTC label template for instantaneous water heaters has a few content issues that need to be addressed.

The sample label template for instantaneous water heaters correctly displays the hot water delivery capacity in maximum flow rate of gallons-per-minute (“GPM”), but Rheem believes it is unnecessary to have the “Capacity (Max. GPM): XX” line in the top left portion of the label as it is already displayed within the usage bin shaded-bar graphic on the label. Having the maximum GPM information on the top left portion of the label seems redundant, and it is not an equivalent measure to storage capacity for storage type water heaters. While maximum GPM for instantaneous water heaters is a similar metric to first hour rating for storage water heaters, it is not analogous to storage capacity. Because the storage capacity information is displayed in this top left portion of the label for storage type water heaters, consumers may be confused when comparing EnergyGuide labels of instantaneous and storage water heaters having dissimilar information in the same label location. Rheem requests the top left portion of the EnergyGuide label for instantaneous water heaters only display the term “Instantaneous Water Heater” and the fuel type.

Furthermore, the label template for instantaneous water heaters mentions “XX Gallons” in the shaded box on the usage bin bar graphic, which is inaccurate. “Gallons” should be changed to “GPM” in the shaded box of the usage bin bar graphic as well as in the parenthetical “(XX-XX gallons)” found within the second bulleted informational item on the label. “GPM” is the correct metric related to delivery capacity of instantaneous water heaters and should be consistently conveyed on the label.

Rheem also notices the instantaneous water heater label template identifies “Unified Energy Factor: XX.” in the last bulleted informational item on the label. We believe the uniform energy factor or “UEF” should not be mentioned on the EnergyGuide label for both instantaneous and storage type water heaters. The “Water Heater Labels” section and the sample water heater label of the September 15, 2016, final rule also mention the intent of FTC to omit energy efficiency rating (UEF) information from the EnergyGuide label. We ask that the FTC consistently omit UEF from the EnergyGuide label template for instantaneous water heaters as well.

Rheem additionally recommends the application of EnergyGuide labels to electric instantaneous water heaters be administered differently than for other instantaneous water heater products. Electric and gas-fired instantaneous water heater models are typically much smaller than





cylindrical storage water heaters, which greatly reduces the amount of available un-obstructed space on the instantaneous water heater on which to flatly adhere the EnergyGuide label. The vast majority of our consumer electric instantaneous water heater models are smaller than our gas-fired instantaneous models and are physically too small in size to accommodate the required dimensions of the EnergyGuide label, as specified 16 CFR §305.11(a). To force the label with the required dimensions to be placed by adhesive label on the product directly would cause the label to be folded over edges of the water heater and other connection points, which would defeat the purpose of having a readable label easily understood by the consumer.

We further understand the governing regulations found in 16 CFR §305.11(d) allow for either the use of an adhesive label directly on the product or a hang tag to be used to display the EnergyGuide label. However, Rheem has received correspondence from the FTC in the past stating the allowable use of the hang tag is intended for consumer appliances with doors allowing regular access to the interior of the product (i.e., clothes washers, dishwashers, refrigerators), which is reflected in the language of 16 CFR §305.11(e)(2) stating, "A hang tag shall be affixed to the interior of the product in such a position that it can be easily read by a consumer examining the product." Given the above intent for hang tag use and size limitations for the utility of a label on the product, Rheem requests that the FTC allow the EnergyGuide label be placed on the primary shipping container or packaging for each individual electric (or gas-fired) instantaneous water heater unit. The shipping container or packaging used for each electric instantaneous water heater unit is physically large and flat enough to accommodate the required dimensions of the EnergyGuide label and will be directly viewed by the consumer at the time of purchase. Such an accommodation for placement of the EnergyGuide label is made in 10 CFR §305.13 for ceiling fans: "The ceiling fan label shall be printed on the principal display panel of the product's packaging." In the incorporation of electric instantaneous water heaters into the energy labeling rule, Rheem requests a similar label placement provision be made by the FTC for instantaneous water heaters.

Rheem appreciates the opportunity to comment on the comprehensive application of the Energy Labeling Rule to all consumer products and the subject NOPR with respect to electric instantaneous water heaters. Please do not hesitate to contact me should you have any questions regarding these comments.

Kind regards,

Rheem Manufacturing Company

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