

Justification for Adjustments to Burden Estimates for the Energy Labeling Rule
(OMB Control No. 3084-0069)

The following present incremental additions to the FTC's currently cleared burden estimates for the Energy Labeling Rule. These are associated with the final rule amendments that published in the *Federal Register* on February 6, 2013 (78 Fed. Reg. 8362). The Rule requires manufacturers to attach yellow EnergyGuide labels to all covered appliances and televisions, as well as furnaces, central air conditioners, and heat pumps. The instant amendments to disclosures under the Rule were designed to help consumers, distributors, contractors, and installers easily determine whether a specific furnace or central air conditioner meets applicable Department of Energy ("DOE") regional efficiency standards.

Burden Hours:

Affixing EnergyGuide labels on packaging

The amendments require manufacturers to affix a copy of the EnergyGuide on packaging for split-system and single-package air conditioners and non-weatherized and mobile home gas furnaces. The DOE has estimated past annual shipments of these units at about 5,500,000.¹ The FTC estimates the burden for package labeling at eight seconds per unit. Tied to an estimated volume of 5,500,000 units shipped, this amounts to 12,222 additional hours, yearly.

Updating of EnergyGuide labels: one-time burden

The amendments also require heating and cooling equipment manufacturers to change the EnergyGuide labels to the new design. These changes constitute more than routine, minor conforming changes such as those required to update existing labels. The Commission believes that new label design will require a one-time drafting change for the manufacturers. Consistent with similar label changes in the past, FTC staff estimates that this one-time change will take 40 hours² per manufacturer. As with other recent labeling changes, the FTC staff plans to provide template labels on the Commission's website to minimize the burden associated with such labels changes. FTC staff estimates further that there are approximately 100 manufacturers of affected covered products. Thus, the label design change will result in a one-time burden of 4,000 hours (100 manufacturers x 40 hours); annualized, however, for an average year covering the current OMB clearance running through February 29, 2016, this amounts to 1,333 additional hours.³

¹ See

http://www1.eere.energy.gov/buildings/appliance_standards/residential/pdfs/hvac_ch_09_shipments_2011-04-25.pdf.

² 72 Fed. Reg. 49,948, 49,964 (Aug. 27, 2007) (general amendments to the EnergyGuide label design).

³ The final rule publication of February 6, 2013 did not take into account the effect of annualizing for one-time burden, thus overstating an "average" year reflective of the current three-year clearance, both in

Thus, cumulative incremental burden hours for the instant final amendments totals 13,555 hours.⁴

Labor Costs:

Affixing EnergyGuide labels on packaging

In calculating the associated labor cost to affix labels on packaging, FTC staff assumes that labeling placement will be done by packaging and filling machine operators. Using Bureau of Labor Statistics (“BLS”) hourly wage data (\$13.44⁵) for this labor description, applied to the above-stated increment of 12,222 hours, yields a yearly labor cost of \$164,264.

Updating of EnergyGuide labels: one-time burden

Assuming that updating labels would be performed by engineers,⁶ and using BLS hourly wage data for engineers, \$44.36, applied to the above-stated annualized burden of 1,333 hours, yields an average yearly cost of \$59,132.⁷

Thus, cumulative incremental associated labor costs for the amendments is \$223,396.

terms of hours and associated labor cost.

⁴ This total correctly excludes the additional 500 hours for manufacturer posting on their websites of images of their labels that had been reported in the February 6, 2013 final rule (78 Fed. Reg. at 8372). That amount had already been subsumed within a larger estimate in the FTC’s previously submitted clearance request for its final rule amendments of January 10, 2013 (78 Fed. Reg. 2200), under ICR Reference Number 201211-3084-002, which OMB approved on February 8, 2013. The January final rule amendments, among other things, require manufacturer websites to provide consumers, distributors, and installers access to their product labels online for *all products* bearing an EnergyGuide label by July 15, 2013. Thus, it had already embraced, among other products, air-conditioners and furnaces.

⁵ See http://www.bls.gov/news.release/archives/ocwage_03272012.pdf (Occupational Employment Statistics survey by occupation, May 2011- Table 1, released March 27, 2012).

⁶ In a public comment from Goodman Global, Inc. (Comment Number 560904-00010, available at <http://www.ftc.gov/os/comments/regionaldisclosureprnm/index.shtm>) on the Commission’s June 6, 2012 Notice of Proposed Rulemaking, 77 Fed. Reg. 33,337 (“NPRM”), Goodman asserted that this task would be performed by engineers, rather than graphics designers. In response, the FTC has revised its original related labor cost estimate from the NPRM to assume all work is conducted by engineers.

⁷ See note 3 above.

Capital/Other Non-Labor Costs:

The Commission expects the amendments will impose additional labeling cost of \$385,000, based on the above-stated estimate of 5,500,000 units shipped, at an average cost of seven cents per label.⁸

⁸ In the NPRM, the FTC had stated that “capital costs associated with the amendments are likely to be minimal.” See 77 Fed. Reg. at 33,344. For the final rule amendments, however, in response to comments from Goodman that the FTC account for the costs of the label itself, it has done so in the above-stated estimate.

