

Supporting Statement
Proposed Amendments to the Energy Labeling Rule
16 C.F.R. Part 305
(OMB No. 3084-0069)

(1) Necessity for Collecting the Information

The Commission proposes conforming amendments to the Energy Labeling Rule (“Rule”) to require a new Department of Energy (DOE) test procedure for televisions and establish data reporting requirements for those products.

The Commission’s Energy Labeling Rule (“Rule”), issued pursuant to the Energy Policy and Conservation Act (EPCA), requires energy labeling for major household appliances and other consumer products to help consumers compare competing models. When first published in 1979, the Rule applied to eight product categories: refrigerators, refrigerator-freezers, freezers, dishwashers, water heaters, clothes washers, room air conditioners, and furnaces. The Commission has since expanded the Rule’s coverage to include central air conditioners, heat pumps, plumbing products, lighting products, ceiling fans, certain types of water heaters, and televisions.

The Commission proposes conforming amendments to revise the Rule’s television testing and reporting requirements in response to a new DOE television test procedure published on October 25, 2013 (78 Fed. Reg. 63,823). These amendments will ensure the Rule’s television labeling requirements are consistent with EPCA, which mandates that FTC labels reflect applicable DOE test procedures when available.

(2) Use of the Information

The Rule’s primary purpose is to encourage consumers to compare the energy-efficiency of household products. Consumers will use the required label to help them purchase televisions.

(3) Consideration of Using Improved Technology to Reduce Burden

The proposed amendments permit the use of any technologies that covered firms may wish to employ and that may reduce the burden of information collection. Disclosing energy usage information to consumers, however, entails physical labels on products or packaging; as such, electronic disclosure pursuant to the Government Paperwork Elimination Act, 44 U.S.C. §3504 note, is impracticable.

(4) Efforts to Identify Duplication

For most issues covered by the proposed Rule, the Commission staff has not identified any other federal statutes, rules, or policies that would duplicate the proposed Rule.

(5) Efforts to Minimize Burden on Small Organizations

Although EPCA requires the Rule to apply to all manufacturers of covered products, the Commission is seeking comment about minimizing impact on small businesses. While some entities subject to the Rule's requirements may be small businesses, the staff does not expect the proposal will pose significant burdens on small entities. In addition, the proposal consolidates disclosures on a single label, which should minimize burden.

(6) Consequences of Conducting the Collection Less Frequently

Not applicable; there is no flexibility within the framework of EPCA to "collect" less frequently the information contained in the proposed new labeling requirements.

(7) Circumstances Requiring Collection Inconsistent With Guidelines

The proposed amendments' information collection requirements are consistent with all applicable guidelines contained in 5 C.F.R. § 1320.5(d)(2).

(8) Consultation Outside the Agency

In developing the proposed requirements, the staff has consulted with staff from the DOE and the Environmental Protection Agency.

(9) Payments and Gifts to Respondents

Not applicable.

(10) & (11) Assurances of Confidentiality/Matters of a Sensitive Nature

The information to be disclosed is of a routine business nature. It is collected and disseminated by the industry among its membership and made available to the public. No personal or sensitive information is involved nor is any commercially confidential information included.

(12) Estimated Annual Hours Burden and Associated Labor Cost

Total Incremental Burden of the Proposed Rulemaking: 1,400 hours

Total Associated Labor Cost: \$ 59,851

The Commission accounted for the burden of testing and labeling televisions when it first issued the labeling requirements (76 Fed. Reg. 1038 (Jan. 6, 2011)). However, the new DOE test procedure triggers EPCA's requirement that manufacturers retest their televisions for any energy representations made 180 days after DOE publishes the test, including those on the FTC label. This creates an additional, one-time burden. In issuing the television labels, FTC staff estimated that 2,000 basic models exist in the marketplace, that manufacturers test two units per

model, and that testing requires one hour per unit tested. Using these estimates, the Commission expects the new testing will require a one-time burden of 4,000 additional hours of burden. Annualized over a 3-year PRA clearance cycle, this one-time burden amounts to 1,333 hours. Assuming further that this testing will be implemented by electrical engineers, and applying an associated hourly wage rate of \$44.14 per hour, labor costs for testing would annualized total of \$58,839.¹

In addition, the amendments would increase the Rule's reporting requirements. Staff estimates that the average reporting burden for these manufacturers is approximately two minutes per basic model to enter information into DOE's online database. Based on this estimate, multiplied by an estimated total of 2,000 basic television models, the annual reporting burden for manufacturers is an estimated 67 hours (2 minutes x 2,000 models ÷ 60 minutes per hour). Assuming further that these filing requirements will be implemented by data entry workers at an hourly wage rate of \$15.11 per hour, the associated labor cost for recordkeeping would be approximately \$1,012 per year.²

(13) Estimated Annual Capital or Other Non-labor Costs

Any non-labor costs associated with the amendments are likely to be minimal.

(14) Estimated Cost to Federal Government

Staff believes that the cost to the FTC for administering the proposed Rule changes will be *de minimis*.

(15) Program Changes/Adjustments

The proposed additional testing and reporting provisions will result in an estimated additional 1,400 burden hours, annualized, and cumulative of all affected manufacturers, at an estimated labor cost of \$59,851.

(16) Plans for Tabulation and Publication

Not applicable.

(17) Failure to Display the OMB Expiration Date

Not applicable.

¹ See Bureau of Labor Statistics, U.S. Department of Labor, Occupational Employment and Wages – May 2012, Table 1 (National employment and wage data from the Occupational Employment Statistics survey by occupation, May 2012), available at <http://www.bls.gov/news.release/ocwage.t01.htm>.

² See *id.*

(18) Exceptions to Certification

Not applicable.