

DOCKETED	
Docket Number:	16-ENFORCE-03
Project Title:	Settlement Agreements
TN #:	237982
Document Title:	Speakman Company Settlement Agreement and Release
Description:	N/A
Filer:	Amanda Harris
Organization:	California Energy Commission
Submitter Role:	Commission Staff
Submission Date:	5/25/2021 12:04:14 PM
Docketed Date:	5/25/2021

SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release (Agreement) is entered into between the California Energy Commission (CEC), with its principal office at 1516 Ninth Street, Sacramento, California 95814, and Speakman Company (Speakman), with a place of business at 400 Anchor Mill Road, New Castle, Delaware 19720, collectively referred to as the Parties.

I. RECITALS

(1) CEC's Appliance Efficiency Regulations at California Code of Regulations, Title 20, Division 2, Chapter 4, Article 4, sections 1601-1609 (Appliance Efficiency Regulations),¹ set forth the requirements to sell or offer for sale regulated appliances in California. The pertinent requirements include:

- Testing: The appliance is tested as required in section 1603, using the applicable test method set forth in section 1604.
- Efficiency: The appliance meets the required efficiency standards set forth in sections 1605.2 or 1605.3.
- Marking: The appliance is correctly marked and labeled as required under section 1607.
- Certification: The appliance is certified to CEC and appears in CEC's most recent Modernized Appliance Efficiency Database System (MAEDbS) as required under section 1606.

(2) CEC's enforcement authority includes the removal of non-complying appliances from MAEDbS, as set forth in section 1608, and the issuance of administrative civil penalties under section 1609.

(3) Speakman manufactures several models of plumbing fittings that it sells or offers for sale in California, either directly or through retailers or distributors.

(4) Speakman plumbing fittings are subject to the testing, efficiency, marking, and certification requirements for this appliance class as described in paragraph I(1) above.

(5) From July 2015 to February 2020, Speakman sold or offered for sale through retailers or distributors showerheads and lavatory faucets in California, that were not listed in MAEDbS as required in section 1606 and showerheads that did not meet the efficiency standards set forth in section 1605.3(h)(5) when tested using the appropriate test method as described in section 1604(h).

¹ All references are to California Code of Regulations, Title 20, Division 2, Chapter 4, Article 4, unless otherwise specified.

(6) Based on the above Recitals, CEC, through adjudication, could impose penalties for each violation, obtain injunctive relief to prohibit Speakman from continuing to sell or offer for sale non-compliant plumbing fittings in California, and take any other enforcement action as allowed by law.

(7) Section 1609(b)(3) and California Public Resources Code section 25402.11(a)(2) identify the following factors CEC shall consider when determining the amount of an administrative civil penalty:

- The nature and seriousness of the violation.
- The persistence of the violation, meaning a responsible person's history of past violations of the Appliance Efficiency Regulations over the previous seven years.
- The number of violations arising from the course of conduct that is subject of the enforcement proceeding.
- The length of time over which the violation occurred.
- The willfulness of the persons responsible for the violation.
- The harm to consumers and to the state that resulted from the amount of energy wasted due to the violation.
- The number of persons responsible for the violation.
- The efforts of the persons responsible for the violation to correct the violation prior to initiation of an enforcement action by CEC.
- The cooperation, by the persons responsible for the violation, with CEC during its investigation.
- The assets, liabilities, and net worth of the persons responsible for the violation. This information will be considered to reduce the administrative civil penalty amount, should a responsible person or persons elect to provide asset, liability, and net worth documentation to the Executive Director to demonstrate that a reduction in a penalty amount is necessary to avoid an undue burden.

(8) Penalties must be set at levels sufficient to deter violations. In developing this Agreement, CEC considered the facts of the case and applied the above factors to determine an appropriate settlement. Further, in this case Speakman cooperated with CEC in the investigation by promptly testing and certifying the units; notifying retailers and removing the non-compliant units from the California market; and by providing to CEC sales data of non-compliant units. The efforts by Speakman saved CEC time and resources in investigating the violations and minimized the impacts of the non-compliant units on the competitive business environment, energy consumption, and the environment in California.

(9) Speakman is willing to enter into this Agreement solely for the purpose of settlement and resolution of this matter with CEC. CEC accepts this Agreement in termination of this matter. Accordingly, the Parties agree to resolve this matter completely by means of this Agreement, without the need for adjudication.

II. TERMS AND RELEASE

In consideration of the Recitals listed above which are incorporated into this section by reference, and the mutual agreements set forth below, CEC and Speakman agree as follows:

- (1) This Agreement covers the Speakman plumbing fitting models listed in Attachment A.
- (2) For selling or offering for sale in California, plumbing fittings identified in paragraph I(5), whose model numbers are identified in Attachment A that did not meet the energy efficiency standards prescribed by section 1605.3 and/or were not certified to MAEDbS as required by section 1606 and, in consideration of the factors listed in paragraph I(7) and I(8) above, Speakman shall pay as an administrative civil penalty the total sum of \$154,857.00. Payment shall be made by electronic transfer to the California Energy Commission, in 12 payments of \$12,904.75 each, as shown below:

Payment Number	Due Date	Amount
1	June 1, 2021	\$12,904.75
2	July 1, 2021	\$12,904.75
3	August 1, 2021	\$12,904.75
4	September 1, 2021	\$12,904.75
5	October 1, 2021	\$12,904.75
6	November 1, 2021	\$12,904.75
7	December 1, 2021	\$12,904.75
8	January 1, 2022	\$12,904.75
9	February 1, 2022	\$12,904.75
10	March 1, 2022	\$12,904.75
11	April 1, 2022	\$12,904.75
12	May 1, 2022	\$12,904.75

CEC shall provide to Speakman electronic transfer information necessary to enable timely payment according to the above schedule.

Effect of untimely payment: If any payment is more than 15 days late, the entire remaining balance becomes immediately due and payable. In addition, if CEC takes action to enforce this Agreement, Speakman shall pay all costs of investigating and prosecuting the action, including expert fees, reasonable attorney's fees, and costs.

It is agreed that if Speakman, including its subsidiary or parent company, at any time becomes insolvent, or makes an assignment for the benefit of creditors or similar action adversely involving Speakman, its subsidiary, or parent company, or a proceeding or petition under any bankruptcy, reorganization, arrangement of debt, insolvency, readjustment of debt, or receivership law or statute

is filed by or against Speakman, its subsidiary, or parent company, or a trustee in bankruptcy, custodian, receiver or agent is appointed or authorized to take charge of any of Speakman's, its subsidiary's, or parent company's properties, or if any deposit account or other property of Speakman's, its subsidiary, or parent company be attempted to be obtained or held by writ of execution, garnishment, attachment, condemnation, levy, forfeiture or other legal process, or Speakman, its subsidiary, or parent company takes any action to authorize any of the foregoing, the entire remaining balance becomes immediately due and payable without notice or demand.

(3) Speakman also agrees to take the actions in (a) through (d) for any and all regulated appliances it will sell or offer for sale in California and the actions in (e) for the units identified in Attachment B:

- a. Test all basic models, utilizing the applicable test method, to ensure conformance with the Appliance Efficiency Regulations.
- b. Certify all basic models in MAEDbS, and ensure listings are kept current and up to date.
- c. Use a new model number for any of the basic models described in Attachment A that have been redesigned to meet energy efficiency standards.
- d. Add the required marking to the unit.
- e. Offer to replace the 499 non-compliant showerheads identified in Attachment B that were sold directly by Speakman to end-use consumers in California, with a compliant showerhead in the Speakman portfolio of comparable value. Speakman will mail a certified letter to each of these customers, at the address Speakman has on file related to the transactions referenced in Attachment B, within 30 days of executing this Agreement. The letter shall offer to send the end-use consumer a California-compliant showerhead at no cost to the end-use consumer and without requiring that the end-use consumer return their non-compliant showerhead. The letter shall outline the process by which the end-use consumer can request and receive the replacement device. No later than 5:00 PM Pacific Standard Time on November 1, 2021, Speakman will report in writing to the Office of Compliance Assistance and Enforcement the number of replacement showerheads requested. Electronic transmission to the CEC of the writing is acceptable. This information shall be communicated to the following person at the following address:

- Name and Mailing Address:
Joshua Meserth, Investigator
Office of Compliance Assistance and Enforcement
California Energy Commission
1516 Ninth Street
Sacramento, CA 95814
- Email Address: Joshua.Meserth@energy.ca.gov

(4) This Agreement shall apply to and be binding upon Speakman and its principals, officers, directors, receivers, trustees, employees, successors and assignees, subsidiary and parent corporations, and upon CEC and any successor agency that may have responsibility for and jurisdiction over the subject matter of this Agreement.

- (5) In consideration of the payment specified above, CEC hereby releases Speakman and its parent corporation, principals, directors, officers, agents, employees, shareholders, subsidiaries, predecessors, and successors from any and all claims for violations of Article 4 (commencing with section 1601) of Chapter 4 of Division 2 of Title 20 of the California Code of Regulations, relating to the time frame and appliances identified in paragraph I(5), whose model numbers are identified in Attachment A.
- (6) This Agreement constitutes the entire agreement and understanding between CEC and Speakman concerning the claims and settlement in this Agreement, and this Agreement fully supersedes and replaces any and all prior negotiations and agreement of any kind or nature, whether written or oral, between CEC and Speakman concerning these claims.
- (7) No agreement to modify, amend, extend, supersede, terminate, or discharge this Agreement, or any portion thereof, shall be valid or enforceable unless it is in writing and signed by all Parties to this Agreement.
- (8) Speakman further agrees that if the subject matter of this Agreement comes before CEC in an administrative adjudication, neither any member of CEC, nor the Executive Director, shall be disqualified because of prior consideration of this Agreement.
- (9) Each Party to this Agreement has reviewed the Agreement independently, has had the opportunity to consult counsel, is fully informed of the terms and effect of this Agreement, and has not relied in any way on any inducement, representation, or advice of any other Party in deciding to enter into this Agreement.
- (10) This Agreement shall be interpreted and enforced in accordance with the laws of the State of California, without regard to California's choice of law rules. Any litigation arising out of or related to this Agreement shall be filed in the Superior Court of California, County of Sacramento.
- (11) Each provision of this Agreement is severable, and in the event that any provision of this Agreement is held to be invalid or unenforceable, the remainder of this Agreement remains in full force and effect.
- (12) The failure of any Party to enforce any provision of this Agreement shall not be construed as a waiver of any such provision, nor prevent such Party thereafter from enforcing such provision or any other provision of this Agreement.
- (13) This Agreement is deemed to have been drafted equally by the Parties; it will not be interpreted for or against either Party on the ground that said Party drafted it.
- (14) This Agreement is effective upon signature by a representative of Speakman with authority to bind the company, and signature by the Executive Director of CEC. The Parties agree that fax or scanned signatures and multiple signature pages are acceptable for purposes of executing this

Agreement, which may be signed in counterparts.

California Energy Commission

By:  _____

Name: Drew Bohan
Title: Executive Director
Date: May 24, 2021

Speakman Company

By: *Robert Logemann* _____

Name: Robert J. Logemann
Title: Chairman & CEO
Date: May 10, 2021

Attachment A

Lavatory Faucets	
SB-1011	S-3562-LD

Showerheads				
S-2007	S-3018	SM-8010-P	VS-2007-PB	VS-2007-BN
VS-2007	SM-3060	S-3014	S-4002-E2	S-4001-E2
S-2005-HB-BN	SM-7010-P	S-3010-BN	S-2252-BN-E2	S-2253-E2
VS-3414	SC-1131-AF	VS-3014	VS-3011-BN	VS-100-PC
S-2252-PB	S-4000	VS-233010	S-3011-BN-E2	S-1495-2-AF
S-2251-ORB	S-3011-BN	VS-1240-BN	S-2005-HB-BN-E2	VS-3000
SM-3040	SM-8430-P	S-2252-MB	S-4200-E2	S-2252-ORB-E2
S-2252-ORB	VS-232007-BN	S-1495-2255	S-2254-E2	VS-3023-E2
VS-123010-BN	VS-123010	SM-3030	VS-113014-BN	VS-1001-ADA-PC
SM-7010-P-BN	S-3015	VS-3010-BN	S-2255-BN	SM-3010-IS
S-3021	S-2555	SM-1040-P	S-3010-BN-E2	S-2252-E2-BP
S-4002	S-1496-AF	SM-7030-P-BN	VS-3014-BN-E2	S-4200-BN-E2
S-2005-HB	VS-233014-BN	VS-3010	VS-3011-E2	S-2005-HB-E2
S-2251-PB	SM-5430	SC-1151-AF	S-2763-BN	VS-3411-BN
S-2252-BN	SM-5010	SM-3010	S-2254-PB-E2	SM-5480-ADA
VS-233014	S-2005-HB-PB	SM-3410	S-2252-PB-E2	VS-1000-AF-PC
S-2251-BN	S-3020-BN	VS-123011	S-3010-MB	SM-1050-P
SM-9010-P	S-3014-PN	S-4001	S-2251-BBZ	VS-3023-BN
VS-1240	SM-7010-P-PN	SM-1010-P	S-2252-PN	S-2005-HBFBN
SM-7090-ADA-PBN	VS-3014-BN	VS-113010	S-3015-E2	VS-3010-MB-E2
S-2251-PN	SC-1210-AF	SM-1010-P-BN	S-3010	S-2762-BN
S-2254-PB	VS-232007	SM-1030-P	SC-1220-1-AF	SM-8410-P
S-2005-H	VS-122007	SM-5060	S-3010-E2	VS-3010-E2
S-2252	SM-9030-P	S-2763	S-1495-3015	S-3010-MB-E2
S-2254	SC-1220-AF	SM-3430	VS-1240-BN-E2	S-2254-BN-E2
VS-3011	SM-1490-ADA-P	S-2005-HB-BC	VS-3010-MB	S-2252-E2
S-2251	VS-233011	VS-233010-BN	S-1495-2252-E2	SM-1080-ADA-PBN
S-3013-BN	VS-113011	S-2005-HBFE2	VS-112007-BN	SM-1080-ADA-P
S-2253	S-1495-2254	S-2005-HBF	S-2251-MB	SB-1421-BN
				S-6000