

DOCKETED

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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 Secard Pools & Spas (Secard), with a place of business at 9292 9th Street, Rancho Cucamonga, California 91730, collectively referred to as the Parties.

I. RECITALS

(1) CEC's Appliance Efficiency Regulations at California Code of Regulations, Title 20, 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 and design:** The appliance meets the required efficiency and design 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) Secard sells and/or installs several models of residential pool pump and motor combinations (pool pumps) in California.

(4) The pool pumps that Secard sells and/or installs are subject to the testing, efficiency, design, marking, and certification requirements for this appliance class as described in paragraph I(1) above.

(5) From July 2015 to July 2019, Secard sold and installed 14 Waterway Hi-Flo II Series 1.0 and 1.5 HP pool pumps in California, that were not listed in MAEDbS as required in section 1606, that did not meet the design standards set forth in section 1605.3(g)(5)(B), and were not marked as required in section 1607.

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

1605.3(g)(5)(B):

"Residential pool pump motors with a pool pump motor capacity of 1 HP or greater which are manufactured on or after January 1, 2010, shall have the capability of operating at two or more speeds with a low speed having a rotation rate that is no more than one-half of the motor's maximum rotation rate ... "

CEC inspected the Waterway Brand Hi-Flo II Series 1.5 HP pool pump sold and installed by Secard, and determined it failed to meet the applicable energy design requirement to operate at a minimum of two speeds for pool pumps with a motor capacity of one horsepower or greater.

(6) Based on the above Recitals, CEC, through adjudication, could impose penalties for each violation alleged, obtain injunctive relief to prohibit Secard from continuing to sell, offer for sale, or install, non-compliant pool pumps 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 Secard cooperated with CEC in the investigation by implementing measures to

prevent the sale of single-speed pool pumps motor capacity of one horsepower or greater for use in residential pools, and by providing to CEC sales data of non-compliant units. The efforts by Secard saved CEC time and resources in investigating the violations and minimized the impacts on energy consumption and the environment in California from the non-compliant units.

(9) Secard 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 Secard agree as follows:

(1) This Agreement covers Waterway Hi-Flo II Series 1.0 and 1.5 HP models.

(2) For selling, offering for sale, or installing in California, pool pumps identified in paragraph I(5), whose model is identified in paragraph II(1), that did not meet the energy design standards prescribed by section 1605.3, were not certified to MAEDbS as required by section 1606, and were not marked per section 1607, and, in consideration of the factors listed in paragraph I(7) and I(8) above, Secard shall pay as an administrative civil penalty the total sum of \$630.00 by electronic transfer to CEC by December 1, 2020. Banking information and instructions necessary to complete the electronic transfer shall be provided by CEC.

(3) Secard also agrees to take each of the following actions for any and all regulated appliances it will sell or offer for sale in California:

- a. Ensure any single speed products with a pump motor capacity of 1 HP or greater for use in residential pool applications as the primary filtration pump that it sells and/or installs meet the design requirements set forth in the Appliance Efficiency Regulations.
- b. Ensure any single speed products with a pump pump motor capacity of 1 HP or greater for use in residential pool applications as the primary filtration pump that it sells and/or installs are certified in MAEDbS.
- c. Implement measures to restrict the sale and/or installation of single-speed products with a pump motor capacity of 1 HP or greater for use in residential pool applications as the primary filtration pump.


(4) This Agreement shall apply to and be binding upon Secard 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 Secard and its parent corporation, principals, directors, officers, agents, employees, shareholders, subsidiaries, predecessors, and successors from any and all claims for violations of section 1608 (efficiency, marking, certification), relating to the time period and appliances identified in paragraph I(5).
- (6) This Agreement constitutes the entire agreement and understanding between CEC and Secard 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 Secard 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) Secard 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 Secard 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: December 4, 2020

Secard Pools & Spas

By: 
Name: AARON J. GARABON
Title: NATIONAL SALES MANAGER
Date: 11/18/2020

REF: ENF 169