

**Declaration of Charles Wodrich in Support of
Supplemental Comments of the Plumbing Manufacturers Institute
Regarding the Economic Impacts of the Proposed Definition of “Showerhead”
Docket No. EERE-2010-BT-NOA-0016**

I Charles Wodrich, do hereby declare the following:

1. I am a founding partner at W&W Services, Inc. (W&W), a consulting group that specializes in providing confidential statistical gathering services to trade associations and industry groups.

2. I have almost 40 years experience serving trade and professional associations. Before I helped to found W&W, I worked at Ernst & Young, serving as director of Ernst & Young’s association services practice from 1993 to 1996.

3. I am a Certified Public Accountant and member of the American Institute of Certified Public Accountants, the Illinois CPA Society, the American Society of Association Executives and the Association Forum of Chicago. I obtained my B.S. from Northern Illinois University.

4. In the third week of June, 2010, W&W was contacted by the Plumbing Manufacturers Institute (PMI) to act as an independent third party to confidentially collect data on showerheads. W&W also administers the quarterly PMI faucet statistical program.

5. The content and format of the data collection was designed by members of PMI, along with PMI staff members. Since this data was time sensitive, the completed data collection forms were sent directly to W&W by email.

6. No PMI members or PMI staff had access to the data that was submitted. W&W reviewed the data from each participant and entered the data into an application of our design to compile the submitted data into a composite report.

7. Normal PMI withholding rules were applied to the reported data, meaning that at least three participants must respond before any results can be report, and that no one company can account for more than 75% of the reported data.

8. The composite report was issued to PMI on July 12, 2010.

9. The composite report grouped the costs that would be caused by the change in the definition of “showerhead” that is being proposed by the Department of Energy into two broad categories: one-time costs and recurring costs.

10. The one time costs contained in the composite report included three different types of costs:

- a. inventory costs, which are the basic cost of noncompliant product on hand and of taking noncompliant products out of retail stores where they can be purchased by contractors, installers or the public;
- b. capital costs, which include the costs of retooling manufacturing equipment and processes, repackaging some products in a manner consistent with the Interpretive Rule, and restocking retail shelves with compliant products; and
- c. training costs, which account for the cost of reeducating salesmen and workers about new products, as well as the production of new literature describing those products.

11. Based on the data W&W collected from PMI members, the inventory, capital and training costs that would result from the proposed change to the definition of “showerhead” would total \$108,700,000.

12. Because data was gathered from companies that account for approximately 80% of the showerhead market, it is reasonable to assume that the total costs of the proposed change

in the definition of “showerhead” would be around 20% higher than what was reported in the survey data.

13. To calculate recurring costs, we asked member companies to report their annual sales of products that could be affected by the proposed definition of “showerhead,” including:

- a. shower-only products that where the total flow from all products sold in a single package exceeds 2.5 gpm;
- b. high flow shower valves;
- c. modular components from custom showers or therapy spas;
- d. tub/shower combos;
- e. diverter valves not primarily designed for tub/shower combos; and
- f. gang showers.

14. The survey responses showed that the revenues generated annually by products that could be affected by the proposed definition of “showerhead” would total \$303,300,000.

15. If tub/shower combos and diverter valves are excluded from the combined revenues cited above, the total would be reduced by approximately \$80,000,000, to \$223,300,000.

16. The combined one-time costs and recurring costs reported to W&W were \$412,000,000.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on August 30, 2010



Charles Wodrich