

**Goodman Global, Inc.**  
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July 31, 2014

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Re: July 3, 2014 Summary of Violations to Goodman Global, Inc.

Dear Ms. Batarseh and Mr. Diebert:

Goodman Global, Inc. ("Goodman") received your July 3, 2014 letter and summary of violations (a copy of which is attached). In the letter, DTSC asserts that Goodman violated title 22, Section 66274.5(a) of the California Code of Regulations "in that it failed to meet the established collection rate performance requirement for calendar year 2013."

Goodman is a participating member of Thermostat Recycling Corporation ("TRC") and along with others, has participated in good faith in TRC's collection and recycling program for out-of-service mercury-added thermostats. TRC submitted its 2013 Annual Report for the California Thermostat Program ("TRC Report") on April 1, 2014. DTSC has already determined, according to the letter, that not only was the Mercury Thermostat Collection Act of 2008 violated by the TRC collection effort and report for 2013, but also that the requirements for calendar year 2014 will not be met, despite proposed enhancements to the program proposed by TRC.

Your letter requests that Goodman notify DTSC if it disputes "this violation or DTSC's assessment of the proposed program enhancements identified in the report" (apparently referring to DTSC's current determination that additional violations will occur in 2014). Goodman strongly disputes the alleged violations and requires further information from DTSC regarding the basis for DTSC's claim that Goodman is responsible for violations for 2013 and 2014. Goodman also believes that the regulatory scheme for thermostat collection should be generally reexamined by DTSC, with the involvement of the regulated parties who

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can provide context and missing information to DTSC, with the goal of allowing the agency and all stakeholders to agree upon and set reasonable and achievable goals that are not arbitrary and capricious or subject to the actions of third parties over which the regulated parties have no control. For example, we are aware that distributors in some geographic areas have difficulty obtaining thermostat returns because the devices are being routed by others to neighboring countries for reuse or recycling.

Having registered Goodman's dispute of the allegations in your letter as you requested, please be advised that Goodman would also be interested in attending a cooperative meeting between DTSC and TRC participants, to explore next steps and ways in which the parties can revise the program for thermostat collection to include fair and achievable standards, as well as to discuss possible modifications to the TRC program that DTSC would support. Finally, we are interested in learning more about DTSC's assertions of violation against the participants in TRC, including the precise standards that each one allegedly failed to meet.

In the event that the group meeting does not resolve the issues concerning Goodman, we may request an opportunity to meet individually with DTSC thereafter to discuss the dispute raised by this letter and DTSC's allegations against Goodman. By electing first to work constructively in a group context to try to reach solutions with DTSC and the other participating members of TRC, Goodman does not waive its right to separately contest the allegations against it and specifically reserves its right to do so in any future forum or proceeding.

We look forward to working with you to resolve these issues. Thank you.

Best regards,

Goodman Global, Inc.



Michael J. Pancherz, Counsel

cc: Elizabeth Weaver, Esq.  
Allan Peters  
Russell Tharp