



## Policy Notification

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### NAECA III Warranty Policy

Dear Valued A. O. Smith Customer,

As you may know, on **April 16, 2015**, the new energy efficiency requirements of the National Appliance Energy Conservation Act (NAECA) become effective for both residential gas and electric water heaters. This federal law specifies increases in minimum energy efficiency for most residential water heaters. In order to meet these new efficiency standards, many models will experience dimensional changes. For other product categories, there will be major technology changes. As a result of this federal regulatory mandate, A. O. Smith will be using the following procedures to process warranty claims for the range of scenarios that will be encountered when replacing a model with a more energy efficient NAECA III model.

**Scenario 1:** The unit being replaced already met the NAECA III standard.

Solution: The warranty procedure will remain the same. Credit will be issued to the distributor at the current price, and the homeowner will receive the balance of the warranty period for the replacement unit.

Example: Vertex<sup>®</sup>, Voltex<sup>®</sup> Heat Pump models, Effex<sup>®</sup>, Power Vent models, etc.

**Scenario 2:** The NAECA III unit fits in the existing space of the unit being replaced.

Solution: Credit is issued to the distributor based on the current selling price less \$50 for the upgrade to the more energy-efficient model. The homeowner will receive a new warranty beginning on the date of the replacement installation.

Example: GCR-40 replaces a GCV-40

**Scenario 3:** The NAECA III unit does not fit in the existing installation space.

Solution: If the unit is replaced with the closest alternative (smaller capacity) that fits in the existing space, a credit will be issued to the distributor for the current price of the replacement unit. Full warranty credit will be issued, and the homeowner will receive the balance of the warranty period from the original model.

Example: ENL-40 replaces an ECL-50

*If this is not acceptable to the homeowner, they may choose Scenario 4 below.*

**Scenario 4:** An equivalent NAECA III model does not exist.

*(Models which can no longer be manufactured due to federal NAECA III regulations).*

Solution: An allowance will be issued to the homeowner – “Current Allowable Amount” (CAA), which they can apply toward the purchase of a new unit. For this scenario, have the homeowner call 1-877-763-9560 for resolution.

Example: ECT-66, ECT-80, ECT-120

There will likely be a learning curve as we work through this transition. You have our commitment that we will work with our loyal channel partners to make the transition as smooth as possible. We thank you for your continued support of the A. O. Smith brand, and should you have any questions, please contact me or your local service contractor.

Misty Haynes  
Manager, Warranty