2003 Campaign Expanded *continued from page 1*

distribution, the ratio of propane homes to electric homes, and various other indices describing plans to remodel and/or build in the area. An announcement of the new local markets is scheduled for early summer 2003. (See the advertising timeline insert).

One exciting opportunity coming this spring is the addition of propane advertising in *American Profile*. This newspaper magazine is similar in format and content to other nationally known Sunday paper inserts, such as *Parade* and *USA Weekend*. In contrast, 80% of the five million circulation of *American Profile* is to C and D county markets, areas designated by the U.S. Census as either rural or suburban. A lengthy advertorial, surrounded by related "home" and small town editorials, will run in both the April and May issues. These insertions are perfect opportunities to present compelling information directly to those consumers most likely to consider propane energy for their home. Water heater advertising done in this manner will allow marketers to personalize marketing materials that tie directly to the national advertising campaign.

One focus for 2003 is growing involvement in the Consumer Education Partnership with States Program. Following the belief that no one knows your neighbors better than you, PERC will continue to provide matching funds to the states for use in state-wide programs. Many states joined the program this past year and the success stories are rolling in. This involvement is crucial for the success of the 2003 plan.

We're looking forward to an exceptional year in 2003 and hope you are, too. With the help of some new resources—like those described in this issue of *In Touch*—we hope to take propane into the homes of even more consumers this year and watch business grow as a result.

Trade Show Update *continued from page 2*

benefited the hearth industry. In addition, PERC has organized the "Propane: Fueling Sales Seminar," which will educate hearth and patio retailers on some of our recent propane marketing efforts that also support hearth sales. The intended result is a stronger alliance between the industries, rich in partnerships and shared success.

Focus Groups Yield Insight *continued from page 3*

preferred means of communication from propane marketers. All agreed they would be interested in hearing from propane marketers about new product applications and technologies.

A comprehensive marketing program based on this research is currently in development to assist propane marketers in addressing the needs of the homebuilding industry. For further information on the homebuilder research, contact Tracy Burleson at (202)452-8975, tracy.burleson@propanecouncil.org.

Calendar

March 27-28, 2003 – Atlanta, GA
Council Meeting

May 30-31, 2003 – New Orleans, LA
Council Meeting

July 24-25, 2003 – Baltimore, MD
Council Meeting

September 18-19, 2003 – Bar Harbor, ME
Council Meeting

December 4-5, 2003 – Houston, TX
Council Meeting

Propane Education & Research Council
1140 Connecticut Avenue, NW, Suite 1075
Washington, DC 20036
Tel 202-452-8975 • Fax 202-452-9054
For marketing questions call 888-963-7372
www.propanecouncil.org

Propane Education & Research Council
1140 Connecticut Avenue, NW, Suite 1075
Washington, DC 20036

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VOLUME 5 • NO 1

IN TOUCH

KEEPING YOU UP TO DATE ON PROPANE®

JANUARY/FEBRUARY 2003

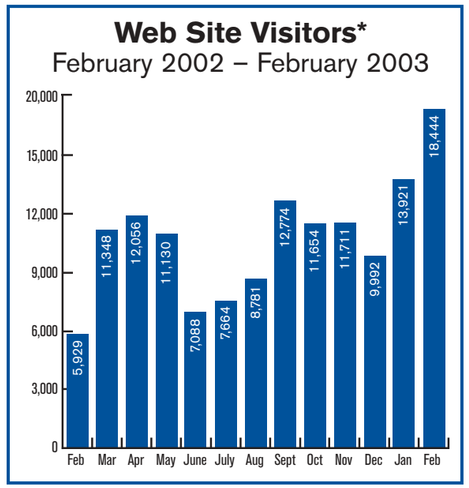
Expanded Advertising & Education Campaign Reaches More Consumers This Year

The propane industry's 2003 consumer education campaign started running Feb. 10 and features TV, radio and print advertising reaching both national and local audiences. The campaign will add at least 25 local markets in the fall, broadening the scope of the *Propane. Exceptional Energy* brand. Throughout the year, new tools will be introduced for the marketing industry's use at the local level.

We have already begun to see increases in consumers seeking information about propane, as evidenced by recent market analysis. Our focus now turns to converting these leads into propane users and increasing sales. However, as more people begin to consider propane, we must be certain that we are meeting their information needs and closing the sales loop. Much of the success of this year's program will depend on the marketers and sales teams themselves, and you will be better equipped than ever this year to do just that.

The new local markets scheduled to be added in the fall will be in addition to the 22 from 2002's campaign. National advertising will be increased also. The local market selection criteria include: predisposition to use propane, geographic

continued on page 4



* www.usepropane.com

Forklift Feature

The propane and forklift industries are building an even stronger relationship. The 2003 forklift industry outreach plan includes new marketing materials, research and development grants, and a partnership with the

Industrial Truck Association. You can read more about this and other developments in the Highlights section of this issue of *In Touch*.

We've Moved

For your convenience, we have enclosed a Rolodex card with this newsletter. Please use it and take note of our new address. PERC's Washington, DC office is now located at:

Propane Education & Research Council
1140 Connecticut Avenue, NW
Suite 1075
Washington, DC 20036
202-452-8975 (phone)
202-452-9054 (fax)

www.propanecouncil.org

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PROPANE education & research COUNCIL

PROPANE EXCEPTIONAL ENERGY®

New Advertising Tool Available

This year it is even easier to increase propane advertising in your state. Through the Consumer Education Partnership with States Program, PERC will provide matching funds (50 cents for every dollar spent up to a predetermined limit) to purchase local media for PERC-produced advertising materials.

This program has enormous potential, and many state organizations have already taken full advantage. To ensure each state fully understands the benefits of this Partnership Program, PERC has created a *Consumer Education Partnership with States Guidebook*, with input from state executives across the country.

If you are interested in receiving a guidebook, contact Kelley Maierhofer at (202) 452-8975, or kelley.maierhofer@propanecouncil.org. The book will also be available in PERC's Resource Library at **www.propanecouncil.org.**

In addition, this June the popular Propane Ad Kit moves online. The kit includes high-resolution photography, *Propane. Exceptional Energy* logos, two radio scripts, artwork for billboards, print ads, bill stuffers, and a TV spot. Moving the kit online means that you will have access to any of its contents anytime you need them free of charge. As part of PERC's consumer education program, this kit will help you promote propane to current and potential customers.

New Partnership Streamlines Fulfillment

PERC and NPGA have updated the *NPGA Resource Catalog* to give the industry one place to look for safety, training, marketing materials, and resources.

The Propane Industry Resource Catalog (included with this issue) is packed with brochures, promotional items, safety materials, compliance guides, videos, and CD-ROMS. They can help you promote your business to consumers, maintain compliance with regulations, educate consumers, brand uniforms and vehicles, and even stand out at trade shows.

Propane Goes on Tour: National Trade Show Update

The propane industry was well represented at the 2003 International Builders' Show that ended Jan. 24 in Las Vegas, NV. PERC's presence displayed the industry's commitment to improvement and innovation, as well as its eagerness to partner with the homebuilding industry. Much of the industry's booth focused on the benefits of propane water heaters and their applications in residential construction. The propane industry's recent research and development success, the Marathon engine, was also on display.

PERC President Roy Willis presented the first annual *Propane. Exceptional Energy* Homebuilder Awards. Willis presented the awards in two categories: Trailblazer (presented for innovation in propane building applications) and Industry Leader (presented for leadership and experience in propane building applications). The Trailblazer Award for 2003 went to Gordon Cormack of Cormack Builders in Madison, NH. Cormack was nominated by Dana Jones, White Mountain Oil and Propane. In the category of Industry Leader, the award went to Marion Czaplicki of Maric Associates, Inc. in South Glastonbury, CT. Maric was nominated by Michael Morrissey, Bemer Petroleum Corporation. Nominations were taken from propane marketers across the nation (see side bar).

Building on the success of the Builders' Show, the propane industry headed to Nashville, TN, for the 2003 Hearth, Patio, & Barbecue Expo (March 6–9). The industry had a booth on the show floor showcasing the industry's marketing efforts that have also

continued on page 4

2003 NOMINEES:

Jeff Vaughn
Jeff Vaughn Homes, Payson, AZ
Nominated by:
Jack Morris, Energy West Arizona

Chateau Luxury Homes, Inc.
Cedar Hill, TX
Nominated by:
Rick Bruner, Ferrellgas

Gary Swenson
Gary Swenson Home Design, Clifton, TX
Nominated by:
Tom Nichols, Nichols' LP Gas Service, Inc.

Jim Moritz
Moritz Homes, Watkins, CO
Nominated by:
Eldon Auxier, American Pride Coop

Donald Hulse
Alpha Homes, Strasburg, CO
Nominated by:
Eldon Auxier, American Pride Coop

Vaden Northcutt
Northcutt Custom Homes, Fairview, TN
Nominated by:
Rick Warren, Ferrellgas

Focus Groups Yield Insight for Marketing to Homebuilders

Research, conducted at the 2003 International Builder's Show in Las Vegas, provided insight into the homebuilder's energy selection process and identified key actions propane marketers can take to affect this process.

The three focus groups, comprised of both tract and custom homebuilders and conducted by Wirthlin Worldwide, provided a forum for builders to share their selection criteria, timing of key energy decisions, and identified what influenced those decisions.

"Propane marketers need to be stronger advocates of propane usage to both the homebuyer and the homebuilder," recommended Wirthlin Worldwide. "Propane marketers must take every opportunity to develop personal relationships with users and builders. They need to be more aggressive in communicating the value of propane."

While builders agreed that the ultimate energy source decision-maker is the homebuyer, they confirmed that they still play a key role in the process. In the case of some tract building, builders make energy selections during the planning phase prior to construction.

Builders also confirmed that ease of installation plays a role in choosing an energy source. According to Wirthlin, propane marketers need to take all necessary steps to facilitate the homebuilding process, including flexibility in scheduling tank installation and promotional installation programs. Builders also expressed a keen interest in community pooled propane storage tanks and in underground storage technology.

Personal contact, mail, local builders associations, and the Internet were the channels cited by builders as their

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Boost Your State's Funding

Nominations are now being accepted for this year's Milford Therrell State Grant of the Year. The award, established in 1999 in honor of PERC's first chairman, recognizes the state that puts its rebate dollars to the best use. The winning organization will receive $25,000 in addition to the state rebate dollars it receives from PERC. The award money can be used for the same activities that qualify for rebates.

"This award is a wonderful opportunity to thank the state associations by giving them the resources to take their programs a step further. By simply nominating a program in their state, marketers can secure $25,000 of extra state funding for the coming year," says Kelley Maierhofer, PERC's director of industry programs.

For information on how to nominate your state for the 2003 Milford Therrell Award, or to learn more about the state rebate program, visit **www.propanecouncil.org**.

Research Reveals Secrets for Sales

National research conducted jointly by the propane and manufactured housing industries suggests that having propane marketers actively develop a relationship with retailers can increase sales of propane-fueled manufactured homes.

"The purpose of the [testing], conducted from September through November 2002, was to analyze the impact of different marketing techniques, and to share information between the two industries, increasing sales of propane-fueled manufactured homes," explained George Welch, Jr., president of Cass County Butane Company in Atlanta, TX and chairman of PERC's Manufactured Housing Subcommittee.

Currently, about one out of every five manufactured homes sold in the United States annually is equipped with propane as its energy source. While that market share has begun to increase, the industry remains committed to finding new ways to effectively sell propane to the manufactured housing market.

"The partnership between the manufactured housing retailer and the energy provider is extremely important because we share the same goals," said Chris Stinebert, president of the Manufactured Housing Institute, based in Arlington, VA. "Home retailers are partnership driven; therefore, there is a need for a grassroots effort to improve communications between the manufactured housing retailer and local propane marketers," said Kate Caskin, PERC's senior vice president.

Other initial findings include:

- Overall sales of manufactured homes have declined slightly in 2002 vs. 2001, but sales of propane-equipped manufactured homes are up 20% from 2001 to 2002.
- Despite declining home sales in 2002, the propane market share has remained approximately the same.
- In non-test areas, total home sales have stayed about the same in 2002 vs. 2001. However, the propane portion of that has increased in 2002 vs. 2001.

For more details about this survey, contact Tracy Burleson at (202) 452-8975 or tracy.burleson@propanecouncil.org.

PROPANE EXCEPTIONAL ENERGY® highlights

Focusing on Forklifts

Approximately 80% of all spark-ignition forklifts are propane-powered, with 500,000 currently operating in the United States. To continue to grow this important market segment, the Propane Education & Research Council (PERC) is engaged in an active and multi-faceted campaign. This report highlights recent projects of PERC in the areas of industry partnerships, consumer education, and research and development–all working together to ensure propane's continued position as the dominant fuel of choice for forklifts.

Largest Research and Development Grant Ever Awarded

Research and development grants have been approved to evaluate propane fuel technologies and propane fuel quality, and to provide a comprehensive review of propane's emissions rates as compared to competing fuels.

In January, PERC announced the award of a $1.4 million grant to Southwest Research Institute to study propane fuel systems technologies and their ability to meet EPA 2007 standards for large spark-ignited (LSI) non-road engines. The award was the largest ever granted by PERC to address this issue and will include a comprehensive analysis of the effects of propane fuel composition on emissions and engine performance. With initial results expected by the end of 2003, the grant will demonstrate how propane fuels can continue to meet the performance needs of its customers and adhere to the new EPA regulations scheduled to take effect in 2004.

"This grant is the largest single research project ever authorized by PERC for any technology application for the forklift segment. It demonstrates both the propane industry's commitment to the forklift market and its proactive effort to ensure that propane continues to be one of the cleanest and most cost-effective fuels for forklifts," said PERC President Roy Willis.

Although the fuel technologies grant addresses the concerns of the forklift manufacturing industry, end-user concerns are also an issue. A comprehensive analysis of industrial engine emission data will provide an "apples-to-apples" comparison of the emissions rates of propane and competing fuels. The report is important in that it counters the inaccurate claims of competing fuels and addresses forklift owner/operators' most important reason for owning and operating a propane-powered truck – low emissions. This report is in its final phase and will be released in the first quarter of 2003.

Reaching Out to the Industrial Truck Association

Last fall, in Scottsdale, AZ, Roy Willis, Propane Vehicle Council (PVC) Executive Director Brian Feehan, and PERC's Research Manager Greg Kerr met with the Industrial Truck Association (ITA), which represents the manufacturers of lift trucks and their suppliers.

The purpose of the meeting was to demonstrate the

propane industry's ongoing commitment to the lift truck market, and to address ITA concerns related to fuel technologies, EPA regulations, and fuel quality.

Among the knowledge taken away from the event was forklift truck manufacturers' ongoing concern with propane fuel quality, specifically as it relates to maintenance and warranty problems. Some forklift manufacturers noted that they might not consider propane as a fuel source for their 2007 trucks if long-standing fuel quality issues were not addressed effectively by the propane industry. PERC recently awarded its largest-ever grant to address this fuel quality issue. (See front page of article.)

The effort is an ongoing success in that PERC and ITA continue to work together to share information and address common concerns. The PVC, along with Stuart Weidie (President, Blossman Gas), met with the ITA in January, and the ITA will play a role in PERC's fuel systems technologies research and development effort, which is designed in part to assess the impact of varying propane fuel quality.

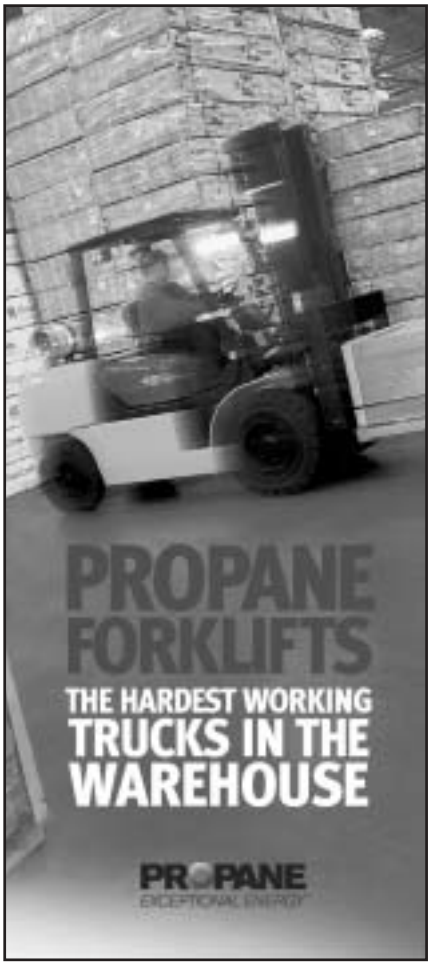
In 2003, partnership efforts will continue, expanding to include the equipment leasing and rental industry that accounts for approximately half of all forklifts in use.

Outreach Efforts Paying Off

Marketing efforts are designed to deliver the propane story directly to the customer through the compelling marketing materials and an aggressive earned media program (earned media consists of non-paid media coverage).

An all-new forklift brochure has been developed with the assistance of PERC's Forklift Consumer Education Subcommittee and Forklift & Industrial Engine Research and Development Task Force. The piece emphasizes the affordable, clean-air, and high performance values of propane forklifts while providing a comprehensive overview of propane's benefits. It also includes space for logos and other customization by propane marketers.

In addition to marketing materials, an earned media effort is under way to increase awareness of propane's benefits and address end-user concerns. This effort is already off to a strong start. The propane industry's meeting with ITA was featured in the December 2002 issue of *Modern Material Handling*, a publication that reaches more than 90,000 materials handling professionals nationwide.



In the first quarter of 2003, PERC promoted the fuel technologies and propane fuel quality grant awarded to the Southwest Research Institute. Earned media efforts have reached more than 140,000 readers of materials handling publications such as *Material Handling Management* and *Transportation & Distribution*. Earned media efforts will continue in the first-half of 2003, with the goal being to use public relations activities to increase awareness of pending PERC grants targeting the forklift industry.

Conclusion

PERC's focus on forklifts through research and development is generating results that distinguish propane from its competitors in virtually all facets of performance. As media outreach continues to expand awareness of this new research, we look forward to accelerating the growth of propane within the forklift and materials handling industries.

For more information about the forklift outreach program, contact PERC at 202-452-8975.

Hazardous Material Shippers and Transporter Registration Fees Reduced

When Congress directed the Department of Transportation (DOT) to establish a hazardous material shipper and transporter registration fee, it directed the fees to training of emergency responders and set a cap on the funds generated by the registration fee program. DOT under estimated the number of registrants who would be affected, and therefore, over estimated the amounts for the fees.

A temporary reduction of fees was announced by DOT in the January 9, 2003 issue of the *Federal Register* to correct the situation. Each registration year begins on July 1st and ends on June 30th of the following year. The new registration fee schedule for registration years 2003 until 2006 is:

Small Businesses	Not-for-Profit Organization	Other Than Small Business and Not-for-Profit Organizations
$125 + $25*	$125 + $25*	$275 + $25*

*Filing Processing Fee

The registration fee schedule for registration years 2006-2007 and later is:

Small Businesses	Not-for-Profit Organization	Other Than Small Business and Not-for-Profit Organizations
$250 + $25*	$250 + $25*	$975 + $25*

*Filing Processing Fee

Regulatory Reminder

- Verify EPCRA Hazardous Material Inventory Tier I or Tier II reports (as appropriate) for calendar year 2002 were filed with the appropriate emergency planning agencies. The due date was March 1, 2003.
- File annual DOT Hazardous Material Transporter/Shipper registration (as appropriate) during May or early June. Annual filing deadline is June 30. Note fee reduction from previous annual filings.

Do you have compliance issues or concerns that are of particular interest to you and that would be helpful to others in the propane industry if covered in this newsletter?

Send your feedback to Gordon Frey via fax 270/753-9807 or by e-mail to g.frey@its-training.com.

VOLUME 5 • NO 1

PROPANE MARKETER COMPLIANCE NEWSLETTER

PROPANE EXCEPTIONAL ENERGY®

INSIDE THIS ISSUE

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2 OSHA Reorganization Focuses on Ergonomics and Other Industry-Specific Issues

3 Update on EPA Regulation of Alternative Fuel Engine Conversions

4 Hazardous Material Shippers and Transporter Registration Fees Reduced

Future Issues:

- What Is the U.S. Chemical Safety Board & How Does It Relate to Propane Safety and Regulation?
- What Impact Will the New Department of Homeland Security Have on Regulatory Developments & Enforcement?

NPGA National PROPANE GAS Association

PROPANE education & research COUNCIL

www.npga.org

OSHA's Updated Plant Fire Prevention & Employee Notification Standards Cite NFPA Life Safety Code References

In the November 7, 2002, edition of the *Federal Register* the Occupational Safety and Health Administration (OSHA) published an update for its standards related to workplace fire prevention planning, emergency action plans and employee evacuation. The revisions, including a subpart name change, affect 29 CFR, Subpart E of the *Code of Federal Regulations*. Previously this subpart was called "Means of Egress" and the very title presented difficulty for business managers who did not understand the meaning of the term or its application to every workplace.

OSHA is reviewing all existing workplace employee safety and health standards and attempting to restate them in clearer language. Most OSHA standards for general industry were first adopted in the early 1970's, and have seen only minor changes over the past three decades.

Instead of "Means of Egress," the new title for Subpart E is; *Exit Routes, Emergency Action Plans, and Fire Prevention Plans*. Rather than completely re-writing those particular regulations, an effort was made to clarify the language and to review the current edition of the original standard upon which the regulations were based–NFPA's 101, 2000 *Life Safety Code*. In the announcement of the revisions, OSHA stated that employers who wish to comply with NFPA 101, 2000 edition, may do so in lieu of implementing the parallel standards of the revised OSHA regulations related to exit routes.

Widely publicized incidents where workers were trapped in work areas during fires due to inadequate exit routes or locked exit doors in food processing and manufacturing businesses were perhaps a driving force behind the changes in revisions to the exit route standard.

Written copies of the revised standards can be downloaded from the Internet at the following address: **www.osha.gov/comp-links.html**. Type the word "exits" into the search panel and hit "enter" or click on "go". When the linked page appears, click on "Exit Routes, Emergency Action Plans and Fire Prevention Plans; Final Rule."

OSHA Reorganization Focuses on Ergonomics and Other Industry-Specific Issues

OSHA's efforts to review and improve its existing workplace health and safety standards recently led to changing the names of some of its administrative directorates. Aside from name changes, a new effort at the federal agency is underway to customize new and existing regulations to specific industry groups.

A key regulatory issue for OSHA is the development of ergonomics standards. Ergonomics is the application of engineered approaches to worker injury prevention through analysis of human body mechanics and the reduction of forces that could cause injuries. Its primary focus is the prevention of cumulative trauma disorders (CTD) such as damage to joints and soft tissues. CTD is a major component of workers compensation claims and rising insurance costs. Forms of CTD frequently mentioned in professional safety journals and risk management publications are carpal tunnel syndrome and similar chronic disorders of muscles and skeletal body parts.

Previous attempts to set out a general ergonomics standard were met with intense opposition from employers, labor representatives, and many lawmakers. OSHA revised its approach to ergonomics regulation and is developing industry-specific regulations and guidelines, starting with the industries that have the highest statistical incidence of CDT, and those classified as high worker risk industries. OSHA called upon the American Society of Safety Engineers and ergonomics advisory committee working groups for help in drafting proposed standards and regulations. A standard protocol for industry-specific and task-specific ergonomic guideline development has been adopted and can be viewed on the OSHA Internet website. The first industry-specific standards under development are for nursing home and healthcare facilities, followed by poultry processors and grocery warehousing operations.

In addition to its standards and regulatory programs, OSHA has launched Internet on-line guidance and training aids, including eCAT (electronic Compliance Assistance Tools) that go beyond specific OSHA mandates, and eTools (stand-alone interactive web-based training tools for worker tasks).

To view the ergonomic program developments, go to the OSHA home page at: **www.ohsa.gov** and click on the "Ergonomics" link on the right side of the page.

For a preview of ergonomics guidelines and compliance assistance, click on the "Where do I find additional assistance?" link and click on "Beverage Delivery". This will give visitors a good indication of OSHA's new approach to ergonomics.

Update on EPA Regulation of Alternative Fuel Engine Conversions

Fundamental change in EPA's regulation of alternative engine fuel conversion occurred in 2002. Despite the fact that propane is acknowledged as a clean-burning and environmentally friendly engine fuel, aftermarket fuel conversions now require a thorough knowledge of new regulatory requirements.

The primary focus of EPA regulatory enforcement has been and continues to be substantial fines imposed upon persons who knowingly tamper with engine emissions systems that meet EPA requirements. After-market conversion of engines to propane has seen two previous regulatory approaches, the first being based upon informal agreement that engine conversions to listed alternative fuels was a good thing and not an emissions tampering issue. The second regulatory approach, based on EPA Memorandum 1A, Option 3, provided a basic performance standard for aftermarket conversions. This approach called for a baseline analysis of the emissions output for a gasoline engine, and subsequent comparison of emissions after the engine was converted to the alternative fuel (i.e., propane). If the emissions (unburned hydrocarbons, etc.) after the conversion were not degraded from the gasoline emissions, the conversion was considered in compliance, provided that the conversion shop kept the required records to demonstrate compliance.

In 2002, the era of Memorandum 1A ended. In a guidance letter to engine and fuel system manufacturers issued by EPA in August, 2002 the following information explained the new protocol for alternative fuel conversions:

"Background
Effective April 1, 2002 EPA policy directs all aftermarket manufacturers...to obtain certification to be protected from charges of tampering. Previously, EPA allowed aftermarket converters to comply with emission standards by modifying the vehicle or engine, conducting chassis or engine dynamometer exhaust test for emission compliance, and maintaining all records related to the conversion. That method of ensuring compliance with emission standards was known as Option 3 of Memorandum 1A. Option 3, an interim option, was established to provide after market manufacturers time to transition toward full certification."

Under the current alternative fuel aftermarket conversion requirements, the engine conversion installer must certify their work in advance by filing a certification with EPA, and paying a certification fee based on the number of conversions to be done on vehicles or engines within a designated engine family. Individuals and companies who install aftermarket fuel conversion equipment should be thoroughly familiar with the emission standards and certification requirements that apply. Recently, new emission standards were adopted for engines used in industrial and off-road applications, such as industrial trucks (forklifts, scissor lifts, tugs, etc.) and electrical generators.

Information regarding emission standards, the certification process, filing forms, and certification fee payment is available on the Internet at: **www.epa.gov/otaq**.