

Market Metrics Initiative— A First for the Propane Industry

Work is under way on developing a comprehensive data metrics program to measure propane consumption and identify market growth and trends. The new tool is called the **Market Metrics Initiative (MMI)** and it will help measure the effectiveness of programs and projects, including the propane industry's consumer education campaign.

The new program will track the progress according to gallons sold by market segment. With this measurement in hand, the industry will be able to follow market performance while seeking opportunities for new business.

The Propane Education & Research Council (PERC) approved funding for the MMI in September. The project is expected to take until spring 2005, with interim reports being distributed throughout 2004. A team of two companies—Energy and Environmental Analysis, Inc. (Arlington, VA) and Wirthlin Worldwide (Reston, VA)—was selected to develop the MMI.

"This is an exciting and next logical step for the propane industry," said PERC President Roy Willis. "As the

industry's consumer education program reaches the capacity to change consumer behavior and to increase propane demand, the Market Metrics Initiative enables us to capture those results in gallons and market share."

Industry involvement will be critical to the overall success of the MMI project. The effort begins with an industry stakeholder group, which will be formed to guide revisions to the annual American Petroleum Institute's Natural Gas Liquids (API/NGL) survey to be distributed in April 2004. Whether a marketer's propane customer is in the commercial, forklift, vehicle, agriculture, or industrial market, the information provided on this survey will be critical to understanding the current and future state of the industry. That's why all marketers are being encouraged to complete the 2004 survey.

The initiative's overall objective is to guarantee that the industry will get the information it needs, including market trends by segment and geographic region, analysis of market opportunities/challenges, and a return on investment analysis of PERC programs.

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Bill McHenry Remembered

Let us pause a moment to smile and remember Bill McHenry, who made people smile all the time. By smiling, we remember his engaging wit. Bill was a maker of smiles, and more.

He also made us think, question by question, point by point. He provided leadership and quiet support with the same commitment to achieving successful results. His civility and dignity had a way of spreading throughout a room and changing the way people talked to others in his presence.

Bill McHenry, it seemed to me, lived at peace with his God, in love with his family, and respected in his work and community. He was a true gentleman, and our lives are enriched by the time we shared with him.

—Roy Willis, PERC president

(Bill McHenry was a founding Council member, and served on the Council from 1997-2001. He died after a long battle with cancer on October 28, 2003.)

www.propanecouncil.org

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2004 Propane Industry Resource Catalog Now Available

In early December, copies of the 2004 *Propane Industry Resource Catalog* were made available to the industry. This catalog represents several months of cooperation between PERC and NPGA. On December 1, PERC took ownership of all industry fulfillment operations associated with the catalog, including the Certified Employee Training Program (CETP). Revisions to CETP books 1-4 are nearly complete. Further information and outreach on the new CETP materials, including when those materials will be made available to the industry will be coming soon.



All items are now offered at prices that will be *the lowest they have ever been*.

For industry members who order online at

www.propanecatalog.com, all handling charges will be waived. Now you may easily view item listings with full-color pictures and descriptions *and* save up to \$25 per order simply by shopping online.

If you have any questions about PERC fulfillment, or if you need a printed catalog,

please contact Alicia Dunn at 202-452-8975, or via email at alicia.dunn@propanecouncil.org.

Builders' Show Coming Up

The propane industry will be well represented at the International Builders' Show in Las Vegas, NV, January 19-22, 2004. An exciting display, hosted by PERC on behalf of the propane industry, will promote propane, its uses, and many benefits to the builder audience.

Rick Brown, host of the popular PBS show "Barbecue America," will be on hand performing demonstrations with propane products that will be on display throughout the show. In addition, there have been more than forty nominations submitted by propane retailers for the 2004 *PROPANE Exceptional Energy*® Builder Awards. This year's awards will be presented during a special event on the main stage.

Be Prepared: Price and Supply Outreach

Escalating media coverage regarding higher energy prices this winter has drawn additional attention to propane prices, and many industry members are already dealing with consumer concerns and questions. This winter, the industry is likely to encounter even more media coverage and feedback from our customers as the temperatures drop.

PERC and NPGA are working together to ensure that our industry is communicating with one voice and easing consumer concerns with clear answers to their questions. A packet of consumer price/supply materials, will soon be distributed to the industry and available at www.propanecouncil.org, in a new price/supply section. Be sure

to check out this site often for updates and new information. In addition, a new bill-stuffer sized consumer brochure on winter preparedness/efficiency will be available through the online 2004 *Propane Industry Resource Catalog*. To order, call 1-866-840-1075 or visit www.propanecatalog.com.

Industry Provides Storm Safety Tips

With the appearance of Hurricane Isabel in September on the East Coast, the propane industry's media outreach activities for the homeowner audience became critical.

NPGA and PERC worked together in getting news releases quickly distributed through the Internet and to media outlets.

Television networks, radio stations, and newspapers in those regions most affected by Isabel were contacted directly. The releases provided safety information about

preparing and protecting propane cylinders and appliances to avoid storm damage. Additionally, a release was distributed with key safety tips to reduce risks associated with storm recovery and flooding following the storm.

Several news outlets used the information provided by PERC and NPGA to educate their audiences. For example, the *Charlotte Observer* ran a story titled "Tips for users of propane." (See photo)



To see the storm news release, visit the Newsroom on www.propanecouncil.org.

Propane Industry Brings Dedicated Buses to Market

In a major breakthrough for the propane industry, two new propane dedicated buses—a low-floor shuttle bus and a school bus—made their debut at respective trade shows in October and November. Orders for the shuttle bus are already being accepted for February 2004 delivery.

Funding for the projects to develop both buses came from PERC and the U.S. Department of Energy. The Propane Promotion Consortium and the Propane Vehicle Council provided additional support.

Both buses use the General Motors Family-2 Commercial Cutaway Chassis with an 8.1-liter gasoline engine, engineered now to a dedicated propane system using an Allison automatic transmission. By design and choice, the development of these buses utilized the “technology enhanced aftermarket model” (TEAM) concept. Heart International, Champion, and Corbeil Bus partnered in these projects.

The low-floor bus employs Heart International’s “kneeling” technology, which enables the bus to automatically lower when the doors open.

A completely flat, step-less interior and an extendable ramp for easy wheelchair or stroller access makes the bus comply with the Americans with Disabilities Act and a mobility solution for those with small children.

The dedicated (over 50 gallon capacity) propane school bus can accommodate 60 passengers, enabling school districts to offer efficient, cost-effective and environmentally friendly transportation for students.

Buses Displayed

The low-floor transit bus was displayed in Las Vegas, NV, October 27-28 at BusCon, the medium- and light-duty



The propane industry, in partnership with the Propane Promotion Consortium (ProCon), developed and unveiled a dedicated propane low-floor bus chassis, which is ideal for mass transit, national parks, and airport shuttle service.

bus trade show. It received significant attention from show attendees. The school bus was displayed at the National Association for Pupil Transit (NAPT) trade show in Salt Lake City, UT, November 11-12. NAPT is the largest annual show for school transportation officials in the U.S. and it coincides with school districts’ procurement schedules. Both buses will be showcased at additional events in the coming months.

More information about both buses is available at www.propanecouncil.org, www.propaneschoolbus.com, or www.propanevehicle.org.

Propane Marketer Locator Connects Consumers to Local Retailers

Completely redesigned and tailored to the needs of potential propane consumers, www.usepropane.com now seeks not only to educate consumers, but also to connect them with local propane marketers who can discuss their energy needs further. The vehicle for this connection is the Propane Marketer Locator, housed and displayed prominently on the website.

Strong industry support of the Propane Marketer Locator program has resulted in the registration of approximately 3,500 retail locations, representing over 800 distinct propane companies. To date, 95 percent of U.S. zip codes are covered by at least one

registered retailer.

Consumers have embraced the Propane Marketer Locator as well. Currently, it is searched by more than 200 interested consumers every day. This figure will likely increase with the next wave of advertising scheduled for early 2004.

Check the new www.usepropane.com and recommend it to current and potential customers. In addition to the Propane Marketer Locator, the site offers a wealth of information regarding the benefits of propane use, such as a graphical home tour and the popular Energy Savings Calculator. If you would like more information about registering



for the marketer locator, please contact Nisha Starks at 202-452-8975 or via email at nisha.starks@propanecouncil.org.

The project has three major tasks:

- Evaluate and adjust the annual API/NGL survey content and process as well as review other existing consumption-related information sources to identify strengths and weaknesses.
- Measure propane consumption by market segment, including a review of the past five years. This will provide information about not only how much propane is being consumed but also who is using it and how they are using it.
- Determine a return on PERC investments, especially those in advertising and public relations programs.

When these tasks are completed, the propane industry will have a definitive, accurate, and actionable system of market metrics.

Questions and comments about the MMI should be directed to info@propanecouncil.org.

NEW AD CAMPAIGN TAKES ON ELECTRICITY

February 2004 marks the anticipated launch of the propane industry's newest advertising campaign: The Energy Guys. This campaign features direct, factual comparisons between propane and electricity in a humorous setting. This head-to-head approach has worked well for the industry as a part of past marketing efforts—and the industry can look forward to even greater success in 2004. To learn how you can join in and take advantage of this new industry campaign, see the *Highlights* section of this newsletter.

Calendar

December 4-5, 2003 – Houston, TX

Council Meeting

April 1-2, 2004 – Atlanta, GA

Council Meeting, Safety and Training

June 10-11, 2004 – Naples, FL

Council Meeting, Agriculture

July 22-23, 2004 – Washington, DC

Council Meeting, Budget (mid-campaign ad metrics)

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PROPANE MARKETER COMPLIANCE

NEWSLETTER

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Future Issues:

- Authorities Having Jurisdiction and Code Enforcement
- How To Check Your Motor Carrier Safety Rating On-Line



Update on RINs and Cylinder Requalification Requirements

The Research and Special Programs Administration (RSPA) announced an interim rule in the *Federal Register* September 26, extending the compliance date of the regulations contained in 49 CFR 107.805(f) and 180.209(g) of the Hazardous Materials Regulations (HMRs). The regulations initially required persons who perform visual requalification of DOT specification cylinders to obtain approval from RSPA and to mark the requalifier identification number (RIN) assigned by RSPA on cylinders successfully requalified after September 30, 2003. Under the interim rule the September 30, 2003 date is extended to May 31, 2004.

RSPA stated in the announcement of the interim rule that they had received more than 2,300 applications for RIN registration approval. The volume of applications and inquiries exceeded RSPA's ability to process the applications before the October 1, 2003, compliance date.

In addition to the extension of the compliance date for obtaining an RIN, the announcement also provided a 30-day comments period invitation ending October 27, 2003. The 30-day comments period given by RSPA was limited to the interim rule extending the compliance date to May 31, 2004, specifying:

"Although an opportunity for public comment has not been provided prior to the issuance of this interim final rule, we are seeking public comments to this action. We may further amend the compliance date if warranted, based on the merits of comments."

Persons and firms that requalify DOT specification cylinders should bear in mind that the other portions of the revised HMRs regarding training of personnel who requalify cylinders, mandatory use of Compressed Gas Association (CGA) standards for external visual inspection methods used to requalify cylinders, permanent cylinder requalification marking requirements and record keeping requirements are now in effect. Persons and firms who have been issued an RIN may voluntarily mark and date cylinders they requalify using their RIN as described in 49 CFR § 180.213 before May 31, 2004, if they choose to do so.

IMPORTANT NEW GAS CHECK INFORMATION

GAS Check® is now a 100 percent voluntary program. This means that industry stakeholders can participate in the program without having to sign a pledge form.

In addition, all GAS Check® materials will now be offered individually, as opposed to being offered in a GAS Check® Marketer Kit.

RSPA Announces Increased Fines for Hazardous Materials Violations

The Research and Special Programs Administration (RSPA) is increasing to \$32,500 and \$275, respectively, the maximum and minimum civil penalties for a knowing violation of federal hazardous materials transportation law, or a regulation issued under that law. In addition, the agency is publishing revised baseline assessments for frequently cited violations to provide the regulated community and the general public with more current information on

RSPA's hazardous material penalty assessment process. RSPA also is advising the public that, in proposing or assessing a civil penalty, the agency will not normally consider a prior violation in a case that was initiated in a calendar year more than six years prior to the year in which the current proceeding is initiated. The rule is effective September 30, 2003, according to information published in the September 8 *Federal Register*.

Motor Carrier Safety Compliance Where the Rubber Meets the Road

According to an article that appeared in the e-mail publication *Bulk Logistics Trends*, from the publishers of *Modern Bulk Transporter* magazine, roadside inspections conducted nation-wide September 5, 2003, still revealed 11 percent of the commercial vehicles in need of brake adjustment, according to the Commercial Vehicle Safety Alliance (CVSA). The article continued by stating that although the out-of-service rates were essentially unchanged from the year before, the inspections resulted in 11 percent of vehicles out-of-service for brake adjustment, 7.5 percent

out-of-service for brake components—a combined 16.5 percent of inspected vehicles placed out-of-service for brakes.

Annual roadside inspections conducted by CVSA represent a voluntary trucking industry safety program which continues to point out the need for on-going motor carrier fleet safety diligence in the areas of routine vehicle inspection and periodic maintenance programs. It also underscores the importance of driver safety training, especially driver training on vehicle inspection skills.

Hazmat Driver Background Checks Delayed

Recent articles in trucking industry publications report that the Transportation Security Administration (TSA) has notified the American Association of Motor Vehicle Administrators (AAMVA) on September 6 of its intention to delay the implementation of fingerprint-based background checks. The American Trucking Association as well as

AAMVA had earlier petitioned TSA to delay this phase of the USA PATRIOT Act implementation due to the significant logistical and systems challenges that must be met before such a program can be effectively deployed on a uniform basis nationwide.

Some Diabetic CMV Drivers May Be Exempted From FMCSA's Insulin Prohibition

The Federal Motor Carrier Safety Administration (FMCSA) announced in the September 3 issue of the *Federal Register* that it will exempt certain insulin-treated diabetic truck and bus drivers from the diabetes prohibitions in the Federal Motor Carrier Safety Regulations. The new program for these exemptions will apply to drivers of commercial motor vehicles (CMV) in interstate commerce. The FMCSA is not amending its diabetes standard.

FMCSA began accepting applications for diabetic exemptions September 22. The maximum exemption period is two years, and the agency may renew exemptions at the end of the two-year period, or after an exemption period expires. Under federal law, the agency may grant an exemption only if it is likely to achieve a level of safety that is equivalent to or greater than the level that would be achieved without the exemption.

Before granting an individual's exemption, the FMCSA must publish a notice in the *Federal Register*, identify who will receive the exemption and the provisions from which they will be exempt, the effective period for exemption, and the terms and conditions of the exemption. The agency will evaluate comments received before making a final decision that also will be published in the *Federal Register*. Likewise, denied exemption requests will appear in the *Federal Register* with the reasons for rejection.

Those applying for an exemption must send a request and documentation by letter to the FMCSA Diabetes Exemption Program, 400 Seventh Street, SW, Washington, DC 20590. The FMCSA will issue a final decision within 180 days of receiving a completed application, and during that time will assess the potential safety performance of each applicant.

Regulatory Compliance Guidebook Updates

Revised regulatory compliance guides reflecting recent regulatory changes are available on the Propane Education and Research Council website at: www.propanecouncil.org

Check the PERC website frequently and download the latest guides and updates to keep your copy of the *Propane Regulatory Compliance Guide* current.

Regulatory Reminders

New hazmat employees and those due for recurrent hazmat employee training must receive required hazardous materials transportation security training as part of hazmat employee initial 90-day and subsequent refresher training. (See 49 CFR § 172.704.)

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.

Propane in '04: The 2004 Energy Guys Campaign

2004 will be a thrilling year for the propane consumer education campaign. Consumer awareness is up for propane and *PROPANE Exceptional Energy*®. Now it's time for the final phases of the propane industry's five-year campaign—increasing propane's favorability and driving greater demand.

The Energy Guys Strategy

The new campaign, set to launch in February, is about the energy used in a typical American home. In this home, there are two energy sources—Propane and Electricity. They are personified as two guys working side by side, creating a series of direct and humorous comparisons.

Over the past few years, research has proven the power of a more aggressive message in propane advertising. It gets results. Therefore, the Energy Guys campaign pits Propane head to head with Electricity to demonstrate why Propane should be the choice of homeowners off of the natural gas main.

To produce the new campaign, nearly 1,000 candidates were auditioned for the roles of Propane and Electricity. Extensive testing was also conducted to ensure that the Energy Guys would be a hit with consumers. Dan Warner was chosen as Propane, and John Hemphill is Electricity.



Dan Warner as Propane.

According to test results, one of the strengths of the campaign is that the ads acknowledge that you can't live without Electricity completely. But, they prove that Propane is the better energy choice for many of the most important home tasks. Propane is the hero of this campaign—capable, efficient—the smarter

choice of the two.

"There are many advantages to this new approach," said PERC Senior Vice President Kate Caskin. "It is an entertaining way to communicate clear product benefits; it builds a platform for delivering facts and figures in personally relevant ways; it creates a memorable character that will champion the industry's cause; and it presents Propane in a heroic, leadership role."

Another advantage of the Energy Guys campaign is how well it can translate to the retail level. Television and radio spots with more room for retail messages will be produced specifically for states and marketers to customize and use. And by early next year, the strength of the Energy Guys can be harnessed at the store level to help increase sales.



John Hemphill as Electricity.



This :15 second TV spot about underground tanks will be available next year.

Accessing New Campaign Tools

The new advertising will be available to the entire industry in early 2004 through the Propane Online Ad Kit at

<http://adkit.propanecouncil.org>. State associations and marketers can take advantage of these advertising materials by customizing them for local use. The materials will be available in multiple formats to meet the different needs of industry members:

Television

- Four 30-second spots
- Three 15-second spots with room for a 15-second tag

Print

- Three four-color ads in multiple sizes

Radio

- Three 60-second spots
- Three 30-second spots with room for a 30-second tag

In addition to advertising materials, a variety of point-of-purchase materials will also be available. These could include life-size, cut-outs of the Energy Guys; in-store signage; bill stuffers; and more. You'll be hearing more about these new retail tools available through the online 2004 *Propane Industry Resource Catalog* (www.propanecatalog.com) in the first quarter next year.

How to Get on Board

You may have already seen or received information on the Energy Guys campaign via mail or email. Here are some reminders of steps you can take to take advantage of this communications campaign about to hit the marketplace.

- **How to learn more.** You can stay up to date on activities at the industry's website www.propanecouncil.org. More details on the campaign are forthcoming so check back frequently.
- **Start to plan.** State association executives can call PERC Docket Administrator Sonethia Green at 202-452-8975 to determine the state dollars available through the *Consumer Education Partnership with States Program*.



- **Getting creative.** All industry members have a team of advertising professionals at their service. Contact PERC Projects Coordinator Nisha Starks at 202-452-8975 for assistance with using the *PROPANE Exceptional Energy®* brand and advertising materials or starting a local media plan.
- **Visit adkit.propanecouncil.org.** The Propane Online Ad Kit houses all of the existing industry advertising available for your use. It also contains information on the new campaign.
- **Mark your calendar for February.** Don't miss the national network debut of the Energy Guys!

