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Lesley Garland  
Propane Education & Research Council  
202-452-8975  
[Lesley.garland@propanecouncil.org](mailto:Lesley.garland@propanecouncil.org)

***Propane Industry and U.S. Department of Energy to Fund \$1.3 Million Project to Develop Combination Space/Water Heating System Designed Specifically for Manufactured Homes***

*Washington, DC (August 16, 2004)* – The Propane Education & Research Council (PERC) and the U.S. Department of Energy (DOE) has announced they will co-fund a \$1.3 million project to develop a combination space/water heating system specifically for use in manufactured homes. PERC is providing \$300,000 in funding for the project, which will be conducted by DeLima Associates of McLean, Va.

Combination space/water heating systems (combo systems) have been installed in more than one million stick built homes in the United States during the past two decades. With propane or natural gas as their energy source, the combo systems provide a variety of benefits over traditional systems that consist of stand-alone furnaces and water heaters.

Compared with a stand-alone gas furnace and a stand-alone gas water heater, a gas combo system requires about half the space of the traditional system. In addition, when compared to an electric furnace and water heater or an electric heat pump, a gas combo system offers a lower operating cost and increased comfort due to its more effective air-delivery system.

While combo systems have been successful in delivering significant benefits in conventional housing applications, no systems have been designed specifically for cost-sensitive and limited-space applications, such as in manufactured housing. The DeLima Associates initiative is designed to tailor the combo-system technology to the specific needs of manufactured homes.

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*The Propane Education & Research Council was authorized by the U.S. Congress with the passage of Public Law 104-284, the Propane Education and Research Act (PERA), signed into law on October 11, 1996. The mission of the Propane Education & Research Council is to promote the safe, efficient use of odorized propane gas as a preferred energy source.*

“This initiative is another example of the propane industry’s growing commitment to, and partnership with, the manufactured housing industry,” said Kate Caskin, senior vice president of PERC. “Combination space/water heating systems have proven their ability to reduce space and energy requirements. This project will extend these benefits to the manufactured housing market, enabling owners of manufactured homes to increase the value of their investments, lower their monthly expenses, and improve the quality of their lives.”

While manufactured housing is the fastest-growing segment of the residential housing market, a recent nationwide survey conducted by Foremost Insurance Company noted several drawbacks of owning a manufactured home, and energy-related comfort was high on the list. Many homeowners characterized manufactured homes with electric heat pumps as being difficult to heat, and homes with resistance heat were said to have exceedingly high energy costs. Many manufactured home buyers are shocked to discover that their monthly energy costs may exceed their mortgage payments.

The price increase for a manufactured home with a gas combo system is estimated to be \$2,000 to \$3,000. This higher cost will increase a home purchaser’s monthly mortgage payment (on a conventional 30-year, 8 percent loan) by less than \$20 a month. If utility bills for the homeowner are \$200 per month with a conventional system, a 10 percent energy savings (easily accomplished with a combo system) would easily cover the added mortgage payment – enabling the combo system to deliver savings that exceed its cost on a monthly basis.

DeLima Associates laid out a 27-month timetable for the project, culminating in the development of the first pre-production gas-powered combo system for application in manufactured homes. The firm also has manufacturing partners with the capability to deliver 3,000 combo systems to the market in the first year of production.

With their inherent benefits, the introduction of combo systems for manufactured homes is estimated to increase propane sales by 1.75 million gallons in their first year, based on 3,000 systems in use. Additional propane revenue generated in the first year of combo-system use is estimated between \$1.49 and \$2.37 million, based on average propane retail prices of \$0.85 to \$1.35 per gallon.

“It’s really a win-win situation,” Caskin said. “The introduction of propane-powered combination space/water heating systems for manufactured housing will provide valuable benefits to homeowners, while expanding the year-round use of propane dramatically for years to come.”

The Propane Education & Research Council promotes the safe, efficient use of odorized propane gas as a preferred energy source through investments in research, safety and consumer initiatives. The creation of PERC was authorized by the U.S. Congress with the passage of the Propane Education and Research Act in 1996.

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