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The North Carolina Propane Gas News

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As the official publication of the NC Propane Gas Association, the NC Propane Gas News carries authentic notice pertaining to the activities of the Association. In other respects, statements of fact and opinion are made on the responsibility of the authors and contributing writers alone, and do not imply an opinion on the part of the Board of Directors, the Officers, or the Membership.

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Upcoming Events

March 28-29, 2011 General Membership
Meeting,Crowne Plaza, Hickory, NC

May 11, 2011 Legislative Day, General
Assembly Bldg., Raleigh

May 25, 2011 Propane Road Show, State
Fairgrounds, Raleigh, NC

June 13-15, 2011 Propane Days,
Washington, DC

June 19-21, 2011 NCPGA Board Meeting
Carolina Beach Courtyard
Carolina Beach, NC

Sept. 17-21, 2011 NCPGA Convention
Kingston Plantation
Myrtle Beach, SC
Greetings NCPGA Members,

We are looking forward to our Spring Board Meeting. THE ASSOCIATION IS HEADING WEST …western North Carolina, that is, to the beautiful city of Hickory. Following a busy winter, it is time to take a break while enjoying an informative seminar and board meeting with much fellowship and fun thrown in.

Rooms have been blocked for March 27th through March 30th at the Crowne Plaza Hickory. The special rate is $85 for a standard king or double room and $105 for an executive room. Call the hotel (828-323-1000) to make your reservations by March 10th.

For those of you arriving on Sunday evening, we have planned a “meet and greet” at one of Hickory’s favorite local bar and grill. This is dutch treat…so just drop by for drinks or stay to enjoy a meal together.

On Monday, March 28th, the PAC golf tournament starts at noon at the Rock Barn Golf and Spa (Jackson Course).

Rock Barn is situated among breathtaking rolling hills and is ranked the #1 golf course in the state for business outings. To view information about this outstanding course, go to [rockbarn.com](http://rockbarn.com).

Sponsorship opportunities will be available. Support the NCPGA PAC as we raise money for the upcoming 2011 legislative session.

A reception is scheduled in the Crowne Plaza Atrium on Monday evening from 6:30-7:15 PM followed by dinner in the beautiful Crowne Plaza Ballroom.

Tuesday morning kicks off at 9:00 AM with an informative seminar presented by our own Mike Boggs …”Changes to 2011 NFPA 58”. Continental breakfast will be served. The Board of Directors meeting is scheduled from 10:30 AM – Noon.

Additional details and registration forms will be sent out soon. The registration form will be placed on the website where you will be able to register online and pay with your credit card.

We look forward to seeing you in Hickory! If you have questions or need additional information, feel free to call the Association Office at 919-787-8485.

Hickory offers many attractions and points of interest. Visit [www.hickorymetro.com](http://www.hickorymetro.com) to view them.

Directions to the Crowne Plaza Hickory, 1385 Lenoir-Rhyne Blvd. SE, Hickory, NC 28602:

From Raleigh – Take I-40 West to Exit 125. Turn left onto Lenoir-Rhyne Blvd. The hotel is on the left.
**Getting the Word Out**

Every chance I get to promote North Carolina, the largest user of propane in the South and second only to California in total usage, I take advantage of it. NCPGA has had two recent opportunities to promote the benefits of propane use and to encourage propane appliance sales through a home improvement television program and rebate programs.

My wife, Sarah, is the one in our house that loves to watch home improvement shows and loves to get inspired. These shows usually leave me adamantly trying to explain to her that not only do we not own a helical head jointer, I’m not sure what one even looks like or if they are even legal in this country. She is visibly disappointed at my lack of Home Depot IQ and equally annoyed at my insistence on keeping all my fingers intact.

Last Fall, I was approached by Vicki Payne of the home improvement show, “For Your Home with Vicki Payne.” The show was pulling together an episode called “Energy Savers” for a log cabin renovation project. They called me at the NCPGA headquarters and wanted to know what the advantages of propane over electricity were. I smiled and said...how much time do you have?

I did not know I was actually going to be interviewed by

*continued on page 18*
FMCSA Proposes Rulemaking Banning Cell-Phone Usage by CMV Drivers

The Department of Transportation’s Federal Motor Carrier Safety Administration (FMCSA) issued a proposed rulemaking December 21, 2010 to restrict the use of hand-held mobile telephones, including hand-held cell phones, by drivers of commercial motor vehicles (CMVs) while operating in interstate commerce. The Agency proposes new driver disqualification sanctions for interstate drivers of CMVs who fail to comply with this Federal restriction and new driver disqualification sanctions for commercial driver’s license (CDL) holders who have multiple convictions for violating a State or local law or ordinance on motor vehicle traffic control that restricts the use of handheld mobile telephones. Additionally, interstate motor carriers would be prohibited from requiring or allowing drivers of CMVs to engage in the use of a hand-held mobile telephone while operating in interstate commerce. FMCSA claims this rulemaking would improve safety on the Nation’s highways by reducing the prevalence of distracted driving-related crashes, fatalities, and injuries involving drivers of CMVs.

The Agency is also requesting public comment on the feasibility, operational impact, and safety benefits of prohibiting hands-free mobile telephone technology by drivers of CMVs as well. The Agency does not intend that this rulemaking will preclude the use of innovative technologies that could be safely used by CMV drivers to facilitate hands-free mobile telephone use.

NPGA will be evaluating the proposed rulemaking in more detail. Initial comments are due by February 22, 2011. For more information contact Robert Elliott at relliott@npga.org.
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LP-Gas Dealer Licenses
Richard Fredenburg, NC
Department of Agriculture and Consumer Services

A year ago, the process for renewing the LP-Gas Dealer license was revised because of changes to the LP-Gas Law. Since that time, we have noticed a disturbing trend – many licenses were not renewed for 2010, yet most of these businesses are still in the propane business.

To renew a gas dealer license, a business needs to submit a new application. This will help ensure an updated database with current information and also serve as the dealer’s acknowledgement of being subject to the LP-Gas Law.

We have yet to receive new applications from hundreds of dealers. In the past year, our inspectors have visited with dealers with expired licenses, explained the new process and have tried to help them get their paperwork submitted so they can come into compliance, but don’t expect that same leniency in 2011. Businesses operating without a license may have their propane-related operations closed and civil penalties levied.

Propane suppliers are strongly encouraged to find out the license status of dispensing sites they make deliveries to and deliver only to sites that are properly licensed. If the license is expired, contact the operator and work with them to get it renewed.

While delivering to an unlicensed dispensing site is not a violation, it might not be in the supplier’s best interest in the long run. When a dispensing site fails to get a license, there could be other failings, too. Liability insurance coverage may not be in effect and training on proper dispensing practices may also be deficient. If the site’s liability insurance has lapsed, financial responsibility for improper filling may flow directly to the supplier.

There are two ways to check on a license status – ask someone at the site or search our new online database at www.NC-Standards.org. Once on the site, click on “Licenses Search” and choose what type of license you are searching for.

As I mentioned before, we want to have an accurate and updated database. In updating our information we have found some inconsistencies that we are working to correct. For instance, some duplicate records were inadvertently created and you may find that a certain dealer is listed as both current and expired. The name and the DBA name may be switched. We hope to have those problems fixed soon, but you can help by informing us of any errors you find. Please send the information directly to me at richard.fredenburg@ncagr.gov.

Those dealers, both propane companies and dispensing sites, which have received multiple warnings from us about expired licenses, may have their propane activities curtailed until they get a new license. But, with some diligent effort on our part and some careful checking on your part, we can get all of the operating businesses with propane activities properly licensed. And remember, if we already have a current application, you can renew your license automatically by having your insurance company send us a certificate of insurance each time you renew your policy.
Cold Enough for you?

It’s turning out to be a busy winter, isn’t it? As I write this, the Governor has already issued two Executive Orders granting relief from hours of service limitations. OK, actually three Executive Orders were issued, but the one on Christmas day was issued by the Lieutenant Governor and was quickly rescinded by the Governor (that little turnabout caused an enormous amount of confusion).

The service personnel are rushing like crazy to catch up with all the service calls. Office personnel are struggling to keep up with all the delivery tickets while trying to answer phones that seem to never stop ringing. Accounts receivable balances are soaring through the roof. am reminded of the opening line of Charles Dickens A Tale of Two Cities: “It was the best of times, it was the worst of times,…”

Many employees in the propane industry are under a tremendous amount of stress, and now is the time that major accidents can occur. We’re tired, cold, we’ve heard customers complaining at us all day, and our brains simply cease to function efficiently. We begin leaving out important steps, whether it’s done through indifference, exhaustion, or lack of time to do them.

Most of you have installations scheduled for the next several weeks and the temptation is always present to cut corners—shorten the time on the leak test but write down the standard time on the work order, or simply perform the leak test with a pen (think about it—we’ve all been tempted). Always remember that the customer you’re connecting to your tank is depending on you to put the piping system in safely. Ignoring basic safety precautions because you’re pressed for time is nothing less than gambling with a customer’s property, possibly their lives in an effort to save a few minutes. It’s simply not worth the risk.

I stress in my CETP classes that safety in the propane industry boils down to an individual decision. In the field, there is no one around to watch each employee and make sure they follow the codes, industry standards, or SOP. The individual decides to do the right thing and be safe, or decides to ignore his training and not be safe. When an individual decides to ignore his training and take a shortcut, often there is no adverse effect. Yes, that’s what I said, nothing happens. There is no fire, no explosion, no one knows the difference, you don’t “get caught.” We deal with a very forgiving fuel; to put it another way, physics works for us, not against us. Propane has a narrow window of combustion, it requires a minimum amount of temperature to ignite, much of the equipment such as tanks, regulators, etc. are designed to withstand a lot of abuse without failing. And so we become complacent. How many times have you heard someone say “I’ve been doing that or not doing that for X years (you fill in the blank) and nothing’s ever happened.” That’s a perfect example of ignoring a safety rule and having no adverse effect. Until suddenly one day, it does. Looking at this from a purely mathematical viewpoint, the longer you ignore a safety rule, the more likely it is something will happen.

Try this little thought experiment: choose a number. Let’s say the chances of something happening if we “conduct a leak test with the pen” are 1 in 10,000. How long would it
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take you to accumulate 10,000 of these; five years, ten years perhaps? Are you really trying to convince yourself that it’s acceptable to have property damage to someone’s home or a possible loss of life once every 10 years? I refuse to accept that propane industry employees are so callous, and yet by ignoring basic safety rules that’s the type of chance we’re taking. My point is this; always remember, we are not just dealing with aggravating laws and rules which do nothing but eat up precious time, we are dealing with moral and ethical choices.

I can give you example after example of choices that we are faced with every day that involve safety, but you’ll eventually become bored with this article. Plus, you already know what those choices are. We’ve all faced them, we’ve all made decisions on them. I’m asking you to make sure you’ve made the right decisions.

If I evoke a little nervous laughter from some of you with this article, so be it. This article was meant to provoke some thought, perhaps some re-examination of the way we go about our daily tasks. I certainly don’t want to appear to be condemning anyone, but I am asking those who recognize themselves here to re-examine their attitude toward safety.

“Cold Enough” cont. from page 10

Suppliers Reminded to Complete 2011 Dues Certification Forms

NPGA has begun the invoicing process for Supplier members. These responses from active non-marketer members are a critical part of remaining a member of NPGA.

Please go online and complete your certification form. You will need your company name and password to enter the certification area: www.npga.org/SupplierDuesCertification. If you have any questions, please contact NPGA’s Jamie Cole at jcole@npga.org.
New Mexico PRC Approves New Propane Rule

The Public Regulation Commission (PRC) recently approved the first-ever propane rule and revisited part of the rule in a public hearing. The rule is a result of Senate bill 468, which requires the PRC to draft rules to protect propane customers.

Under the new propane rule, companies are required to:
- Provide written fee disclosures.
- Offer budget billing plans to residential customers.
- Make a reasonable effort to enter into a payment agreement with a delinquent or past due residential account.
- Maintain customer records for a year.
- Honor the price quoted for a valid delivery order, even if the order is made at a future date.
- Provide a written list of all pricing categories and provide a “customer bill of rights” in their places of business.
- Ban on fees for “transfer of services from one company to another.”
- Requirement that budget payment plans be computed in a specific manner.
- Prescribed payment agreement schemes.
- Required delivery to cash customers.
- Discontinuation of service limitations.
- Annual reports to the Commission.
- Ban on penalties for low or minimal use.
- 50 gallon minimal fills.
- Extensive record maintenance requirements.
- Required participation in Low Income Home Energy Assistance Program (LIHEAP).
- Extensive notification of energy assistance.
- Required delivery to customers of competing companies in “state of emergency”.
- Discontinuance and restoration of service requirements.

Increase in CETP Certification Fees Proposed

NPGA has proposed an increase in the CETP Certification Program fees as part of NPGA’s proposed budget for fiscal year 2012.

These fees are associated with both the certification exams and proctor registration and will be considered for final approval at NPGA’s Winter Board meeting in San Francisco on February 1, 2011. The fees for certification exams will increase to $85, and, unlike in years past, this new fee will be the same for both written and online exams.

As part of its initial consideration of this matter, the Executive Committee reviewed the certification fees of several comparable industries and noted that the current CETP exam fees were quite modest. The committee also noted that historically, certification revenue has been used to: (1) develop and update exams, exam administration services and recordkeeping activities; and (2) keep membership dues relatively low compared to like industry associations. It concluded that comparables should be the principal driver in determining CETP exam fees, and, thus the new fees were approved.

The Executive Committee also agreed to increase the fees for proctor registration to $50 per year and determined that this fee would apply to all proctors, whether they are new registrants or renewing their existing proctor registration. The committee used a similar rationale for the proctor fee increase noting the need for extensive updates to programming services for proctor training modules as well as maintenance of the

continued on page 14
modules. Moreover, the committee deemed it an appropriate action to attach an increased value to the proctor registration given the importance of the role of proctors in the overall certification exam administration process.

Presuming the Board approves the proposed budget for FY 2012 at its winter meeting, the new fees will become effective on March 1, 2011 to coincide with the beginning of NPGA’s fiscal year. Current proctor registrations will remain in effect through February 2011. For more information, please contact Mike Caldarera at mcaldarera@npga.org.

Industry Weighs in Strongly on FERC Rule

The deadline for the submission of comments on the Federal Energy Regulatory Commission’s (FERC) 2010 Index Order has passed. This rule sets an annual percentage that rates increase during the upcoming five years, without requiring pipelines to submit a cost of service analysis. FERC had proposed to increase the percentage from PPI+1.3% to PPI+2.65%, which NPGA strongly opposed earlier in the proceeding. Reflecting the growing level of interest in pipeline issues, NPGA coordinated a grassroots effort that resulted in over 800 letters being filed in the docket.

The letters challenged the percentage increase as unjustified, particularly during an economic downturn. “NPGA sees no justification for increasing the allowable percentage from PPI+FG plus 2.65 percent and we oppose FERC’s action in this matter. Furthermore, we believe that FERC was not justified in continuing to even use PPI plus 1.3 percent for the next five years, much less PPI plus 2.65 percent.” The letter further stated that “By increasing this percentage, it presupposes that pipelines are under-recovering costs. But, if certain pipelines are under-recovering their costs

continued on next page
by such substantial amounts, why would they not file for cost-based rate increases? Is it because the reported under-recovery did not actually reflect the financial performance calculated on a cost-of-service basis?”

The Air Transport Association of America (ATA) also filed strong comments opposing the FERC decision. Their comments stated that ATA “respectfully submits that the 2010 Index Order was arbitrary and capricious, failed to provide a reasoned basis for its decision, and failed to address issues raised by the comments. The Order perpetuates a lack of balance and transparency in the Commission’s approach to pipeline regulation, which puts shippers and consumers at a disadvantage, and which ATA has repeatedly raised in prior filings and communications with the Commission. This results in an abdication by the Commission of its statutory responsibility to ensure that individual oil pipeline rates are just and reasonable.”

**IRS Releases Guidance on Filing for 2010 Alternative Fuel Tax Credit**

The IRS has released guidance with instructions for filing for the 50 cent per gallon fuel tax credit for taxable year 2010. This tax credit had expired at the end of 2009 and NPGA had begun work on getting it extended long before expiration. Due to political and procedural entanglements, none of the tax provisions set to expire at the end of 2009 were extended before expiration. However, at the end of the Congressional session last year, Congress did pass a major tax bill that included extensions of expired or expiring tax provisions. As a result the alternative fuel tax credit was extended through 2011 and although technically expired, it was also made retroactive for all of 2010. This guidance provides information on what form needs to be filed and when in order to claim the credit for 2010. The guidance can be viewed through www.npga.org/2010FuelTaxCredit.
OSHA Revises Regulations on Cranes, Derricks

On August 9, 2010, OSHA published a final rule revising its regulations of cranes and derricks used in construction activities. It addresses advances in the designs of cranes and derricks, related hazards, and the qualifications of employees needed to operate them safely.

Some of the major changes:
- New ground condition requirements.
- Increased inspection requirements.
- Qualified riggers and signal persons.
- Certification or qualification requirements for selected crane operators.

Of special interest to the propane industry is the requirement that operators of cranes be certified or qualified. The requirement does not include the operation of sideboom cranes, derricks, and equipment with a rated hoisting or lifting capacity of 2,000 pounds or less. Individuals operating these equipment types must meet the minimum criteria for expertise.

Setting a tank at a new installation or as a replacement often requires the use of a crane, and as such, the new OSHA regulations could apply to the propane industry. The National Propane Gas Association had argued that these activities did not fall under the agency’s construction regulations but under its general industry regulations. OSHA noted that the placement of a new tank at a construction site would require compliance, but replacement of a tank does not.

There are several options for compliance, including certification through a third-party testing agency, certification through an audited employer training program, licensing obtained through the U.S. military, or licensing obtained in a state that requires crane operator qualification.

When a state or local government requires a crane operator license, the crane operator must be licensed accordingly to meet

continued on page 18
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“Regulations on Cranes,” cont. from page 16

OSHA requirements.

The effective date of the new regulations was November 8, 2010, but there is a four-year phase-in period for the operator qualification and certification requirement. The compliance deadline for this is November 10, 2014.

John Jessup, cont. from page 5

Vicki in the episode, but I could not turn down the opportunity to tell people about the benefits of propane. The episode was filmed at Vicki’s newly renovated cabin in Lenoir, NC. You can see the episode which aired November 16th at http://www.foryourhome.com/category/2700-series-episodes/. They installed a Lenox propane furnace integrated with solar for a combined heat and power project.

We have been pleasantly surprised at the response from propane dealers all over the state for the Safe Appliance Rebate Program and the 4 other rebate programs. Now for all of the number crunchers out there here are the stats:

We have cut 531 safe appliance rebate checks to NC propane customers for 21 vented heaters, 23 traditional hot water heaters, 41 cook stoves, 167 gas packs/furnaces, and 275 tankless hot water heaters. We have also cut rebate checks for 33 commercial mowers, 8 duty to warn mailings, and 4 data collection LP conversion vehicles. In all we have distributed over 600 PERC checks totaling over $300,000. Incredibly, 73 companies in 128 cities have participated in this program from all over the state of North Carolina.

Mike Boggs and I will continue our propane promotion efforts in March. We will be giving a Propane 101 class to members of the Department of Energy in coordination with the NC State Energy Office to educate them on the propane infrastructure in our state. We look forward to promoting our industry in any way that we can and taking advantage of any opportunities that come our way.

John Jessup
NCPGA Executive Director

Study: New Low-Emission Gauges Ensure Accurate Tank Refilling

A new study by Battelle Memorial Institute shows that new fixed maximum liquid level gauges (FMLLGs) with smaller orifices pose no greater risk of clogging or freezing than FMLLGs with standard orifice sizes.

Gauges with smaller orifices reduce propane flow to decrease the likelihood of fugitive or evaporative emissions.

Compared with gauges that have standard orifices (No. 54-drill), gauges with smaller orifices (No. 72-drill) reduced propane vapor flow rates by over 70 percent and propane liquid flow rates by about 60 percent. Despite the reduction in flow, no freezing or clogging was observed in the gauges, which can make tanks less vulnerable to overfill.

Check out the new fact sheet or the full report. The study was commissioned by the Propane Education & Research Council.
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<td>Southern Farm Show</td>
<td>NC State Fairgrounds, Raleigh, NC</td>
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<td>March 28-29</td>
<td>Spring Board Meeting</td>
<td>Crowne Plaza, Hickory, NC</td>
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<td>April 16-18</td>
<td>Southeast Convention</td>
<td>GA World Congress Center, Atlanta, GA</td>
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* April, May, June – CETP Training - TBD

* August – Fuel Piping License Prep Course - TBD

* July, August – District Meetings - TBD

* December – Winter Board Meeting, Raleigh, NC - TBD
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- Attentive service

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What’s In store for 2011?  
*By Derek Carawan, AAMS*

I wanted to take this opportunity to talk a little bit about what happened in 2010 and how it can drive the markets in the upcoming year. The market returned over 11% last year according to Standard and Poor’s. December 2010 happened to be the best December for stocks since 2003 as noted by Brian Westbury from First Trust Portfolios. It appears that the stock market will be somewhat range bound in 2011. In other words, barring any major surprises, we should see single digit returns. I believe that the Chinese market will cool down some, however, other developing markets such as Brazil, India and South Korea (to name a few) should see a rise in exports which should lead to higher volumes of shipping traffic.

In this country, we should see an increase in the merger and acquisition arena among mid-cap stocks. Corporate America has been building its cash reserves and will use this money to increase capacity and add new product/services.

Lower quality, high yield bonds appear to be positioned well and I expect them to continue to be in high demand. Be advised that the default rate on these types of bonds is higher than high quality corporate bonds and while you may be able to get a much higher yield, the tradeoff is a risk to principal.

While demand for gold should subside in the developed nations, this demand may be offset by an increase in demand from consumers in developing nations. As the standard of living in the developing nations improves, their consumers will continue to contribute to global growth. Exercise caution when “playing” in these markets, because they are volatile and geopolitical risks can be considerable.

The US dollar will probably maintain its weak position, which should help increase US exports, due to these products being more affordable on the world market. This weakness should benefit commodities, REITs (real estate investment trusts) and emerging market stocks. If rising commodity prices do materialize, then this would benefit the energy, materials and industrial sectors.

Some other items worth noting are:

1. October/November auto sales increased over 25% from first quarter 2009 lows. Remember, this is when the Dow hit 6627 (its lowest point since April 1997)
2. Even though car sales have risen significantly, consumer debt as a percentage of net income is at its lowest point since 1995.¹

Both the industrial complex and business in general have been hoarding cash instead of retooling and up fitting. So it may be time for them to begin to make large investments into their businesses again. I believe that we could see significant investment by corporate America to update and renew capacity.

Derek Carawan is a LPL Financial Advisor and LPL Registered Principal with Carawan Financial Partners, Inc/ Securities offered through LPL Financial/ Member FINRA/SIPC and may be reached at, www.carawanfp.com, 919-870-8181 or derek.carawan@lpl.com

These views are those of the author and should not be construed as investment advice. All information is believed to be from reliable sources; however we make no representation as to its completeness or accuracy. Please consult your Financial Advisor for further information.

The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual. To determine which investment(s) may be appropriate for you, consult your financial advisor prior to investing. All performance referenced is historical and is no guarantee of future results. All indices are unmanaged and cannot be invested into directly.

¹ The comments were taken from Brian Wesbury’s Market Commentary
Updated Study Reveals Propane Gaining Ground on Heat Pumps

A newly updated study of home heating systems shows that propane systems are gaining traction against both air-source heat pumps and ground-source heat pumps, also known as geothermal heating and cooling.

Environmental concerns caused by heat pumps’ consistent need of electricity, and the amount of time it takes heat pumps to pay back the initial costs, give propane clear advantages over heat pumps, according to the 2010 Comparative Analysis of Residential Heating Systems. Propane home heating performs strongly in all regions of the country when it comes to simple return on investment, lower carbon dioxide emissions, and usefulness as a backup system.

The study, commissioned by the Propane Education & Research Council (PERC) and prepared by Newport Partners, has been updated to reflect the most recent residential energy rates based on information from the U.S. Energy Information Administration. It takes a close look at new and existing homes in 16 U.S. locations that use propane, heating oil, and electric energy sources for 14 types of heating and cooling systems. Key metrics — including annual operating cost, site-to-source carbon dioxide emissions, upfront cost, and return on investment — are included in the analysis.

The full report, an executive summary, and regional fact sheets covering the West, the Midwest, the Southwest, the Northeast, and the Southeast are on www.buildwithpropane.com under the resources tab.
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