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# PERC AND NORA

# HEARING

BEFORE THE

SUBCOMMITTEE ON ENERGY

OF THE

COMMITTEE ON
ENERGY AND NATURAL RESOURCES
UNITED STATES SENATE

ONE HUNDRED ELEVENTH CONGRESS

SECOND SESSION

TO

RECEIVE TESTIMONY ON THE PROPANE EDUCATION AND RESEARCH COUNCIL (PERC) AND NATIONAL OILHEAT RESEARCH ALLIANCE (NORA)

SEPTEMBER 29, 2010

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Committee on Energy and Natural Resources

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# PERC AND NORA

**WEDNESDAY, SEPTEMBER 29, 2010**

U.S. SENATE,
SUBCOMMITTEE ON ENERGY,
COMMITTEE ON ENERGY AND NATURAL RESOURCES,
*Washington, DC.*

The subcommittee met, pursuant to notice, at 10:02 a.m., in room SD–366, Dirksen Senate Office Building, Hon. Jeff Bingaman presiding.

## OPENING STATEMENT OF HON. JEFF BINGAMAN, U.S. SENATOR FROM NEW MEXICO

The CHAIRMAN. OK. Why don't we get started with the hearing? Thank you all for coming.

The hearing today is to discuss the Propane Education and Research Council, known as PERC, and the National Oilheat Research Alliance, known as NORA. These check-off programs for propane and oilheat have been in existence for more than a decade. NORA's authorizing legislation has now lapsed, making it a good time to reevaluate the programs.

Last April, I asked the Government Accountability Office to look into the management and expenditures of each of these organizations. I had concerns that the publicly available budgets and meeting minutes for each of the programs suggested that consumer education was consuming a disproportionate share of program resources. The other two statutory functions of each program—safety and training, and research and development—appeared to receive comparatively little funding.

The resulting GAO report suggests that the original concern that consumer education had become the dominant objective of the programs was well founded; 51 percent of PERC expenditures, 65 percent of NORA expenditures are related to consumer education. Meanwhile, research and development consumed about the same amount of the budget as administrative expenses in each of those programs—8 percent for PERC, 6 percent for NORA. It does seem a stretch to call either of these a research council or alliance at this point.

A more troubling concern emerged out of the GAO report. It seems the programs have taken liberties in defining "consumer education," which, in their view, includes activities that most of us would call lobbying. While there are restrictions against "influencing legislation or elections" in the statutes that set up each of the programs, apparently this has not been interpreted as a strict ban on all lobbying activities.

GAO raised several questions about congressional intent behind that statutory language. I think I can safely say many of us who were in office at the time intended that PERC and NORA be research organizations primarily and not lobbying organizations.

I also note that GAO highlighted that one of PERC's strategic objectives related to consumer education is to increase propane use. It strikes me that we are essentially allowing a fossil fuel industry to tax itself or its consumers, the customers, in order to lobby and increase its market share. I am not sure how many of our colleagues think that is a policy we should be putting into law.

I understand that both PERC and NORA undertake many activities that are well within the parameters of what Congress intended when it established these programs. However, it is not clear to me that the benefits outweigh the costs at this point.

It is important we have a public conversation about the future of PERC and NORA. I thank the witnesses, 3 witnesses who have come forward today for being with us to give us their views on these important topics.

Senator Risch, why don't you go ahead with any opening statement you have, and then we will hear from the witnesses.

## STATEMENT OF HON. JAMES E. RISCH, U.S. SENATOR FROM IDAHO

Senator RISCH. Mr. Chairman, thank you.

Thank you, first of all, for asking for the GAO report, and thank you for setting this important hearing. It seems that Congress doesn't spend nearly enough time in its oversight role because of the reach and the breadth of everything that Congress undertakes these days. So it is important that we do review these, and as you say, now is really an appropriate time to do that.

So, again, thank you, Mr. Chairman. With that, I am anxious to hear the witnesses.

The CHAIRMAN. All right. Let me just introduce the 3 witnesses, and then we will hear from each of them. Mark Gaffigan is director of the Natural Resources and Environment Section in the Government Accountability Office. Thank you for being here.

Mr. John Huber is president of NORA, the National Oilheat Research Alliance in Alexandria. Thank you for being here.

Mr. Roy Willis is president and chief executive officer of PERC, the Propane Education and Research Council here in Washington.

Mr. Gaffigan, why don't you go ahead? If you could make the main points you think we need to understand, and we will include your complete statement in the record in the case of each witness. Go right ahead.

## STATEMENT OF MARK GAFFIGAN, DIRECTOR, NATURAL RESOURCES AND ENVIRONMENT, GOVERNMENT ACCOUNTABILITY OFFICE

Mr. GAFFIGAN. Thank you, Chairman Bingaman.

Chairman Bingaman and Ranking Member Risch, good morning. I am pleased to be here to testify on PERC, the Propane Education and Research Council, and NORA, the National Oilheat Research Alliance.

As you know, PERC and NORA were authorized by Congress to collect assessments to address 3 high-priority areas for propane and oilheat—research and development, safety and training, and consumer education. As Chairman Bingaman mentioned, GAO recently completed a report on how PERC and NORA have spent assessments collected, how PERC and NORA activities achieve strategic goals, the extent to which key statutory requirements were met, and the role of Federal oversight. My testimony today summarizes GAO's findings on these 4 questions.

First, the majority of assessments collected were spent on what PERC and NORA classified as consumer education. Specifically, between 1998 and 2008, PERC collected about $350 million in assessments and, together with its affiliated State associations, reported spending about half, or $179 million, on consumer education.

Total reported spending in the other two priority areas was less than half consumer education spending, with about $51 million for safety and training and about $28 million for research and development.

NORA collected about $107 million between 2001 and 2008 and, together with its State associations, reported spending almost two-thirds, or $68 million, on consumer education. Total reported spending in the other two priority areas was about one-third of consumer education spending, with about $18 million for education and training and about $6 million for research and development.

It was not always clear to us how PERC and NORA activities met strategic goals. In the area of research and development, both PERC and NORA reported R&D activities that clearly appear consistent with their stated goals. For example, PERC reported research that has reduced pollutants that supports a strategic R&D goal to improve environmental performance.

However, in other areas, such as safety and training, it was not always clear how PERC and NORA activities met strategic goals. For example, PERC safety and training activities include a certified employee training program. But it was unclear to us how this program contributed to reducing propane incidents and accidents, which is a PERC strategic goal for safety and training.

In fact, a PERC-contracted study showed that incidents and accidents had slightly increased between 1998 and 2000, but PERC took no action to continue the study, which may have helped modify training to address causes of incidents and accidents.

NORA did not have data on oilheat incidents and accidents, nor did it have a strategic goal in this area. Thus, it is difficult to determine whether training activities are succeeding or need to be modified.

Our review identified several PERC and NORA activities that appear to meet the requirements of the act, such as development of bylaws and preparation of annual reports. However, other activities raise issues, most notably whether certain types of activities involving Congress or politically affiliated entities, such as a grantee use of funds to attend political conventions, were covered by lobbying restrictions in the authorizing acts.

A lack of specificity in the language of the acts regarding some of the requirements, including the lobbying restrictions, raises issues about meeting requirements. Regarding potential lobbying,

even if the activities in question are permitted, did Congress anticipate that assessment funds would be used for activities such as attending political conventions, particularly when classified as consumer education?

Furthermore, issues remain about whether Congress anticipated that such a high proportion of funding would go to education activities in comparison to the lesser funding given to the other two priority areas. In particular, research and development was a key priority area of interest during congressional deliberations. But it has accounted for less than 10 percent of assessment funding for both PERC and NORA.

Finally, compounding the lack of specificity in the statutes is the lack of a specific enforcement mechanism to clarify and enhance compliance through proactive Federal oversight. While the Department of Commerce is required to conduct price analyses of propane and oilheat, in both cases, Commerce was not even aware of these requirements until they were raised to their attention by the GAO. Neither act requires Commerce to take a proactive oversight role, and it has not done so.

DOE is granted oversight authority in both acts but continues to believe it does not have an oversight role for either PERC or NORA. Clearly, in light of the lack of any specific requirements in the statutes for Federal agencies to conduct oversight, Federal oversight is likely to remain limited.

In conclusion, as Congress considers the reauthorization of NORA or potential changes to PERC's authorizing statute, it may wish to consider whether it wants to specify prioritization of activities, clarify allowable activities, and require DOE to undertake a more proactive Federal oversight role.

Mr. Chairman, this concludes my opening remarks. I have submitted a written statement for the record, and I welcome any questions that you might have.

Thank you.

PREPARED STATEMENT OF MARK GAFFIGAN, DIRECTOR, NATURAL RESOURCES AND ENVIRONMENT, GOVERNMENT ACCOUNTABILITY OFFICE

Mr. Chairman and Members of the Subcommittee:

Thank you for the opportunity to discuss highlights of our report on the extent to which the Propane Education and Research Council (PERC) and National Oilheat Research Alliance (NORA) implement consumer education, research and development, and safety and training programs related to the use of propane and heating oil.[1] Tens of millions of Americans rely on propane and heating oil for heat, hot water and—in the case of propane—cooking and motor fuel. Within the last 15 years, Congress authorized the creation of two national entities to undertake propane and oilheat research and development, safety and training, and consumer education programs and provided the U.S. Department of Commerce (Commerce) and the U.S. Department of Energy (DOE) with certain related authority. The Propane Education and Research Act of 1996 (the Propane Act)[2] and the National Oilheat Research Alliance Act of 2000 (the Oilheat Act)[3] authorized the establishment of PERC and NORA, respectively. The Oilheat Act expired on February 6, 2010, and is under consideration for reauthorization,[4] but the Propane Act does not expire.

[1] GAO, Propane and Heating Oil: Federal Oversight of the Propane Education and Research Council and the National Oilheat Research Alliance Should Be Strengthened, GAO-10-583, (Washington, D.C.: June 30, 2010).

[2] Pub. L. No. 104-284, 110 Stat. 3370 (Oct. 11, 1996).

[3] Pub. L. No. 106-469, 114 Stat. 2029 (Nov. 9, 2000).

[4] The Congressional Budget Office, in a March 2, 2010 cost estimate, determined that reauthorizing NORA for one additional year would have no impact on the federal budget. The Budget

PERC and NORA fall into a category of federally-authorized programs known as check-off programs. To fund check-off programs, a fraction of the wholesale cost of a product is set aside by the producer and deposited into a common fund to be used to benefit producers and consumers. Similar programs are in place for agriculture commodities, including, for example, milk, as well as beef, pork, and cotton, among other commodities. To fund PERC operations, each gallon of odorized propane gas sold is assessed $0.005.[5] To fund NORA operations, each gallon of heating oil sold is assessed $0.002.

In preparing this testimony, we relied on our work supporting the accompanying report. This report examined: (1) how PERC and NORA spent the assessments they have collected; (2) the extent to which PERC's and NORA's reported activities help to achieve the results defined in their strategic goals; (3) the extent to which PERC and NORA's activities have met key requirements; and (4) the extent to which PERC's and NORA's activities and spending received federal oversight. To do our work, we examined PERC's and NORA's spending from the first year of operation—1998 for PERC and 2001 for NORA—through 2008; performance, response to the authorizing statutes; and coordination with applicable federal agencies. We assessed the reliability of financial data from PERC and NORA by analyzing related documentation, examining the data to identify obvious errors or inconsistencies, and working with PERC and NORA officials to identify data problems and determined the data to be sufficiently reliable for our purposes. We also reviewed PERC and NORA financial statements, annual reports, meeting minutes, and other reports and obtained information and views on both PERC and NORA from a wide range of officials in DOE and the Departments of Commerce and Agriculture and the private sector. The report contains a more detailed explanation of our scope and methodology. Our work was conducted in accordance with generally accepted government auditing standards.

## BACKGROUND

PERC and NORA provide the framework for propane and oilheat producers and marketers to establish self-help, non-federal programs of research and development, training, safety, and consumer education activities. Both the Propane Act and the Oilheat Act outline key procedural, administrative, and spending requirements to administer these programs. To help with that administration, PERC has about 30 staff, a national council, and 5 advisory committees, while NORA has 2 staff, an executive committee, and 3 advisory committees. Both the Propane and Oilheat Acts specify three areas as mandatory functions and priorities for PERC and NORA's programs and projects, although the Acts do not specify a particular funding level or ranking. The three mandatory areas are:

- Research and development: The Propane Act requires PERC to develop programs that provide for research and development of clean and efficient propane utilization equipment. The Oilheat Act directs similar oilheat-related research and development and directs NORA to fund projects in the demonstration stage of development.
- Safety and training/education and training: Both the Propane Act and the Oilheat Act require development of programs to enhance consumer and employee safety and training. PERC refers to this program area as "safety and training," while NORA refers to it as "education and training." Projects that fall into this spending category include developing employee training materials and conducting training courses for industry personnel.
- Public/consumer education: The Propane Act directs PERC to develop projects to inform and educate the public about safety and other issues associated with the use of propane. Similarly, the Oilheat Act directs NORA to develop programs that provide information to assist consumers and other persons in making evaluations and decisions regarding oilheat. Such activities have included the development of radio, television, and print advertising directed at consumers and industry professionals.

While there are certain restrictions on the types of activities PERC and NORA can undertake, which I will discuss later, the Acts generally do not prohibit PERC and NORA from conducting programs or projects beyond these mandatory areas, and both organizations have carried out additional activities. PERC,

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Office also indicated that it believed that NORA's activities should be considered governmental in nature because assessments collected by NORA are compulsory and enforced by the federal government's sovereign authority.

[5] As propane is naturally odorless, an odorant is added as a means of detecting a leak. Virtually all commercial propane is odorized.

for example, has spent funds on agriculture and engine fuel programs. In addition, to coordinate its activities with other parties, as required by the Propane Act, PERC has established an industry programs area to provide support, data, and other services to the propane industry and maximize its impact. Likewise, in 2004 and 2005, NORA funded an oil tank training and education program for tank installers, inspectors, and insurers to address concerns about storage tanks, which NORA officials stated spanned all three mandatory areas in the statute.

By statute, both PERC and NORA give a portion of the assessments collected to state propane and oilheat associations with similar missions.[6] Pursuant to the Propane Act, PERC gives 20 percent of its assessments to state propane associations. According to PERC, its oversight of these funds includes a PERC council review of a state association's proposed use for these funds and the submission of periodic and final reports from the state associations. The Oilheat Act requires NORA to give 15 percent of its assessments each year to qualified state associations, which may then request to receive any portion of the remaining 85 percent of the assessments collected in their states. NORA's oversight of state expenditures is similar to PERC's, but state associations are required by NORA to submit quarterly reports on program spending. Both PERC and NORA are also expressly authorized by their statutes to use the assessments they collect to meet general and administrative expenses.

Mr. Chairman, our report provides detailed information about our four findings, which are summarized in the following sections.

PERC AND NORA SPENT OVER HALF OF THEIR COLLECTED ASSESSMENTS ON CONSUMER EDUCATION

According to our analysis of PERC's and NORA's audited financial statements, annual reports, and other financial information they provided to us, together PERC and NORA collected $458 million in assessments through 2008, and they spent over half on consumer education programs, with far less spent on the other two priority areas of research and development and safety and training. Specifically, from 1998 to 2008, PERC collected about $350.6 million. During those years, PERC and its affiliated state propane associations spent over $318.5 million as follows:

- $178.6 million for consumer education (50.9 percent),
- $50.7 million for safety and training (14.5 percent),
- $28.1 million for research and development (8 percent),
- $20 million for industry programs (5.7 percent),
- $12.5 million on agriculture programs (3.6 percent),
- $5.8 million on engine fuel programs (1.7 percent), and
- $22.7 million for general and administrative expenses (6.5 percent).

The remaining balance of about $32.1 million was unspent, mostly reflecting, according to PERC, approved commitments to future spending.[7]

Consistent with its authorizing statute, PERC allocated $69.5 million (19.8 percent of its assessments) to state propane associations.[8]

According to our analysis of NORA's audited financial statements, annual reports, and other NORA information provided us, from 2001 to 2008, NORA collected over $107.4 million.[9] Together, NORA and the affiliated state associations spent a total of about $101.6 million, as follows:

- $68.4 million (63.7 percent) on consumer education programs,
- $17.8 million (16.5 percent) on education and training,
- $6.2 million (5.8 percent) on research and development,
- $300,000 (0.3 percent) on oil tank training, and

[6] The PERC and NORA state associations are private enterprises and not state government entities.

[7] In estimating PERC's unspent balance, we found discrepancies between the rebate totals in their annual financial statements and annual reports, and a requested breakdown of cost data by program area—e.g., consumer education and research and development. As a result, the $32.1 million includes some amount representing the discrepancy involving these data.

[8] According to PERC data, state propane associations spent about 49.3 percent of the assessments PERC provided to them on consumer education, 38.5 percent on safety and training, 9.8 percent on industry programs, 0.7 percent on agriculture, 1.1 percent on research and development, and 0.5 percent on engine fuel work.

[9] NORA's outside accountant informed us that, of the $107 million total, NORA had collected approximately $103 million and had accrued receivables of $4 million at the end of 2008.

- $8.9 million (8.3 percent) on general and administration expenses, and special projects.

NORA had not yet spent $5.8 million; however, according to NORA officials, approximately two thirds of the $5.8 million balance has been designated for future expenditure but has not yet been disbursed. Consistent with its authorizing statute, NORA allocated $80.4 million (74.9 percent of assessments) to state oilheat associations.[10]

PERC AND NORA REPORT ACTIVITIES IN ALL PROGRAM AREAS, BUT IT WAS NOT ALWAYS CLEAR HOW THOSE ACTIVITIES HELPED ACHIEVE STRATEGIC GOALS

PERC's research and development and agriculture program activities appeared consistent with strategic goals, but it is not clear to what degree consumer education, safety and training, engine fuels, and industry activities helped achieve these goals. For example, a key goal of PERC's consumer education activities was to increase propane usage, but studies provided to GAO were inconsistent about whether propane usage actually increased. NORA's research and development activities were generally consistent with its strategic goals, but because NORA's strategic plan lacked goals for its consumer education, education and training, and oil tank program areas, GAO could not determine if these activities achieved desired results.

SOME PERC AND NORA ACTIVITIES APPEAR TO MEET STATUTORY REQUIREMENTS, BUT OTHERS RAISE ISSUES ABOUT COVERAGE OF THE ACTS AND OTHER MATTERS

Some PERC and NORA activities appeared to meet the requirements of the Acts. For example, as called for in the Propane Act, PERC maintains a 21-member council; has submitted its annual draft budget to the Secretary of Energy each year from 2000 through 2009; and has had its financial records audited by a certified public accountant at least annually since 1998. As called for in the Oilheat Act, NORA has coordinated its activities with industry associations and others to ensure the efficient delivery of services and avoid unnecessary duplication; does not appear to support advertising or promotions of oilheat; publishes a budget and an annual report for public review and comment each year; and appears to make its council meetings, including those of its executive committee, open to the public.

However, other activities raised issues about coverage of the Acts and other matters, specifically the following:

PERC and NORA activities related to Congress and politically affiliated entities. The Propane Act prohibits the use of PERC assessment funds for certain "lobbying" activities, specifically for "influencing legislation or elections," except for recommending to the Secretary of Energy any changes in the Act or other statutes that would further the Act's purposes. The Oilheat Act contains similar provisions. However, some of PERC's and NORA's activities—particularly communications and expenditures related to Congress or to politically affiliated entities—raised issues about the coverage of the Acts. We found, for example, that PERC paid for a grantee to attend activities associated with the Republican and Democratic national conventions, for a grantee to contribute thousands of dollars to several politically active organizations, and for a grantee to spend thousands of dollars to host Senate and House receptions. We also found, for example, that minutes of an August 2008 NORA executive committee meeting indicated that the NORA president said he was seeking state senators' support for NORA reauthorization, and that a December 2008 NORA-qualified Massachusetts state association newsletter indicated that the NORA president traveled to Washington to urge both Massachusetts senators to support NORA reauthorization. However, neither the Propane Act nor the Oilheat Act provides guidance on what constitutes "influencing legislation or elections;" there is little pertinent legislative history; no court has addressed what this language means as used in these statutes; and other federal laws containing similar language have been interpreted in different ways. As such, it is not clear whether or not the Propane Act's or the Oilheat Act's prohibitions cover those types of activities. Assuming PERC and NORA's activities were permitted, issues remain about whether Congress anticipated that the assessment funds would be used for these activities and whether they qualify as

[10] According to NORA data, state associations spent about 81.4 percent of the assessments NORA provided to them on consumer education, 18.0 percent on education and training, and 0.6 percent on research and development.

"consumer education" under the Acts. Issues also remain about whether Congress anticipated that such a high proportion of the groups' funding would go to consumer education activities, in comparison to the relatively little support given to research and development, a key area of congressional interest as the laws were debated prior to enactment.

PERC funding of consumer education activities after spending restrictions were triggered. PERC initially designated certain activities as "consumer education" but, when price-based restrictions on consumer education programs were triggered in 2009, it redesignated and continued the activities as "residential and commercial" matters. The Propane Act specifies that if the 5-year average rolling price index of consumer grade propane exceeds a particular price threshold, PERC's activities must be restricted to research and development, training, and safety. Commerce notified PERC in August 2009 that this price composite index threshold had been exceeded. We found that, after the August notification, PERC approved three grants, including a no-cost change order to a previously approved grant. These grants initially had been proposed and approved as consumer education grants, which would be prohibited under the restriction, and amended their designation to a new program area called "residential and commercial" matters. The Propane Act does not specifically define the scope of activities permitted under the price restriction nor the activities that must cease.[11] The resulting lack of a precise statutory line between permitted and prohibited activities creates difficulty in assessing compliance with the restriction.

NORA monitoring of state associations. It is unclear whether NORA's monitoring procedures are adequate to detect non-compliance among its state grantees if it occurs. The Oilheat Act requires NORA to monitor the use of funds it provides to state associations and impose any terms and conditions it considers necessary to ensure compliance with the Act.[12] The Oilheat Act also requires NORA to establish policies and procedures that conform to generally accepted accounting principles (GAAP) for auditing compliance with the Act. According to NORA's president, Nmonitoring of state associations included, among other things, policies and procedures to review state grants and disbursements and requirements in grant agreements with the state associations that specify the authorized and unauthorized use of NORA assessment funds. However, based on our review of general ledger entries, financial statements, and certain other reports and information prepared by selected state associations, we were unable to determine whether spending by state associations of NORA funds met the requirements of the Oilheat Act. For example, based on our review of the general ledger expenditures entries for 2006 to 2008, we found that hundreds of entries indicated only that a purchase was made, with no details as to the type of or reason for the purchase.

FEDERAL OVERSIGHT OF PERC AND NORA HAS BEEN LIMITED

While Commerce has issued propane and oilheat market and impact studies as required by the Propane and Oilheat Acts, DOE's oversight of PERC and NORA has been limited. The Propane Act requires Commerce to prepare two reports: (1) an annual analysis of changes in the price of propane relative to other residential energy sources; and (2) an analysis done at least every 2 years examining, among other things, whether PERC's operation has had an adverse impact on propane consumers and propane prices. We found that Commerce has fulfilled these requirements. The Oilheat Act also requires Commerce, beginning in 2002 and every year thereafter, to prepare an annual oilheat price analysis similar to its price analysis of propane. The department had not been fulfilling this requirement because it became aware of it only after meeting with us during our review; however, in April 2010, it issued a 2008 oilheat price analysis. DOE, on the other hand, has not been exercising its oversight authority for either PERC or NORA, and DOE officials told us that they believe that DOE has no oversight role regarding either one. Yet DOE is empowered to review both organizations' annual budgets; to recommend activities and programs it deems appropriate; and, in PERC's case, to require submission of reports on compliance, violations, and complaints regarding implementation of the Propane Act. Indeed, although DOE is authorized to be reimbursed by PERC for the department's

[11] The Oilheat Act, by contrast, contains a broad definition of "consumer education": "the provision of information to assist consumers and other persons in making evaluations and decisions regarding oilheat and other nonindustrial commercial or residential space or hot water heating fuels."

[12] The Propane Act contains no similar explicit monitoring requirement for PERC.

PERC-related oversight costs (up to the average salary of two DOE employees), DOE told us it has never requested reimbursement because it has never incurred any oversight costs. This current lack of oversight is part of a longstanding pattern; in a 2003 report, we found that DOE's oversight of PERC was lacking and recommended that the department take corrective action.[13] In its comments on our 2003 report, DOE stated that the Commerce Department rather than DOE had oversight responsibility and, therefore, DOE did not act on our recommendation. We found that DOE's position regarding PERC remains unchanged. Importantly, as neither the Propane nor the Oilheat Act contains a specific enforcement mechanism for any potential PERC or NORA violations, any oversight program implemented by a federal agency would be hampered.

CONCLUSIONS AND MATTERS FOR CONSIDERATION BY CONGRESS

In conclusion, because PERC's and NORA's authorizing statutes do not provide for a particular funding level for specific activities or indicate a ranking among the activities designated as priorities, they afford PERC and NORA wide latitude in deciding how and in what amounts they spend assessments collected. Since the legislative history of both statutes indicates that a need for research and development funding was a key factor driving the legislation, PERC's and NORA's decisions to spend over half of their funding on consumer education raises issues about whether these funds are being used as Congress anticipated. Furthermore, while some PERC and NORA activities appeared to meet statutory requirements, the lack of specificity in the language of the statutes raises issues about what activities are covered under certain provisions of the acts. While we did not determine, and do not express an opinion about, whether or not the requirements were met, these uncertainties highlight the need to clarify some of the statutes' definitions and requirements. Compounding the lack of specificity in the requirements of the statutes is the lack of a specific enforcement mechanism that would enhance compliance through proactive federal oversight. A final concern is the fact that, despite our 2003 recommendation that DOE exercise its oversight authority regarding PERC, DOE continues to believe it does not have an oversight role for either PERC or NORA. In light of the lack of any specific requirements in the statutes for federal agencies to conduct oversight, federal oversight is likely to remain very limited.

In our report, we suggested that as Congress considers whether to reauthorize NORA or amend PERC's authorizing statute, it may wish to impose greater specificity on the requirements it has established and to establish mechanisms to enhance compliance with those requirements. Specifically, we suggested that Congress may wish to consider

- specifying any prioritization of activities it wants to be undertaken and detailing more specifically which activities are prohibited (such as some of those involving lobbying);
- subjecting PERC's and NORA's activities to review, interpretation and approval by an independent, designated entity and specifying a federal oversight role by requiring DOE to monitor and oversee the expenditure of PERC and NORA funds; and
- establishing a specific enforcement mechanism, and expressly authorizing DOE to refer any potential violations of law to appropriate enforcement authorities.

In commenting on our report, PERC interpreted certain information differently in several cases. PERC also believes the Propane Act allows it to fund all of the types of activities it has conducted related to Congress and politically affiliated entities but welcomes clarification by Congress regarding the Act's current lobbying restrictions. NORA did not disagree and, in some aspects, agreed with the report. The Department of Commerce agreed with the report's general findings regarding the agency's statutory obligations to conduct certain analyses. DOE did not comment.

Mr. Chairman, this concludes my prepared statement. I would be happy to respond to any questions you or other Members of the Committee may have at this time.

The CHAIRMAN. Thank you very much.

Mr. Huber, go right ahead.

[13] GAO, Propane: Causes of Price Volatility, Potential Consumer Options, and Opportunities to Improve Consumer Information and Federal Oversight, GAO-03-762 (Washington, D.C.: June 27, 2003).

**STATEMENT OF JOHN HUBER, PRESIDENT, NATIONAL OILHEAT RESEARCH ALLIANCE, ALEXANDRIA, VA**

Mr. HUBER. Good morning, Chairman Bingaman and Ranking Member Risch.

My name is John Huber, and I am president of the National Oilheat Research Alliance. I greatly appreciate the opportunity to testify before you today regarding NORA, its research, education, and training accomplishments and goals, and to respond to any concerns you may have regarding the GAO's recent review of our operations.

NORA worked extensively with the GAO during the review audit process, and the NORA board has moved to adopt their recommendations, and the industry looks forward to working with the committee in making the appropriate changes in the underlying statute in the reauthorization process.

As you know, the National Oilheat Research Alliance Act authorized the heating oil industry to conduct a referendum to create NORA and to permit a small fraction of the cost of home heating oil to be set aside to fund important research and development, energy conservation, safety, training, and consumer education initiatives. This assessment is borne by the home heating oil industry and not consumers.

Today, 23 States participate in the program. Since its enactment, the act has benefited millions of American consumers of home heating oil and supported thousands of jobs at no cost to the Federal Government. NORA has also benefited the approximately 50,000 individuals employed by the heating oil industry, the overwhelming majority of whom work for small local businesses in communities across the country. The industry provides secure, well-paying jobs, benefits, and pensions to many Americans.

NORA's research, training, and education programs have ensured that consumers have access to lower cost, highly efficient equipment that operates safely. Much of NORA's research and development work has been done in conjunction with the Department of Energy's Brookhaven National Laboratory. NORA has worked closely with DOE on its roadmap for research activities. In addition, NORA has undertaken several projects in partnership with the New York State Energy Research and Development Authority.

The 3 primary focus areas of NORA's research activities are energy efficiency, renewable fuels and power sources, and fuel storage quality and safety.

NORA-sponsored research has developed highly efficient boilers and furnaces. In 2000, the top efficiency for oilheating equipment was 86. Today, consumers can purchase a furnace with 95 percent efficiency and a boiler with a rating of 93. Without this effort, the tax credits provided by Congress would not have been available to the millions of consumers who use oilheat.

Second, NORA has worked with BNL to ensure that the industry and its consumers understand the efficiency of the combined heating and hot water systems common in oilheated homes. Through these efforts, NORA has been a key factor in helping oilheat consumers reduce the volume of oil they use by significant amounts. In fact, our research shows decreases approaching 30 percent in the last decade.

NORA has worked to develop an ASTM specification for biofuels to allow these renewable to be used in heating equipment. NORA is now working with the National Biodiesel Board to determine what level of biodiesel can be safely used in an oilheating system and what changes need to be made to a system that would allow it to use 100 percent biodiesel.

NORA did extensive research on fuel properties, the proper way to analyze the fuel, and appropriate measures to improve the fuel. This research was collected in a guide for oilheat retailers.

NORA has worked with manufacturers of tanks and the National Fire Protection Association to develop guidelines for the proper installation of tanks. This was translated into a tank installation and maintenance book, a training curriculum, and certification program.

Additional research accomplishments are detailed in my written testimony.

The second leg of NORA's efforts, as established by Congress, is to improve training and safety. NORA has done this in many areas. There are approximately 20,000 service technicians in the industry. Prior to NORA, the type of training they received was inconsistent, often dependent on anecdotes, and did not focus on the means to improve comfort for consumers safely and efficiently.

To respond to these challenges, NORA established a certification program and a new training manual that is now the industry standard. We have 18,000 participants in our program.

NORA has also been responsible for developing and disseminating information to affiliated industries, including plumbers and contractors, real estate agents, home inspectors, and tank installers. From its inception, NORA has worked to educate consumers about the importance of maintenance of equipment and keeping current on newer, highly efficient products. This is a strategic goal for the alliance's consumer education expenditures.

This has grown in importance over the past decade. Oilheat prices have fluctuated significantly, straining the limited household budgets of many oilheat consumers. NORA worked aggressively to educate consumers about what was causing the price increases and, more importantly, how they could lower their own household heating costs.

As I indicated earlier, NORA has made great efforts to ensure its operations are transparent and accountable to the oilheat industry, the Department of Energy, and Congress. NORA publishes its budget annually on its Web site. It also seeks public and DOE comment and then transmits these documents to Congress. We believe this improves the program.

The NORA board is eager to work with the Congress and with any Federal agency to improve the transparency and the operation of the program.

In conclusion, we believe that NORA has played an instrumental role in assisting oilheat consumers while, at the same time, strengthening thousands of small businesses in the oilheat industry—from improving training, safety, and consumer education while also making critical advances in energy efficiency.

We thank you for conducting this hearing. The industry looks forward to working with you, the committee, and the Congress to improve the authorizing statute and the operations of NORA.

[The prepared statement of Mr. Huber follows:]

PREPARED STATEMENT OF JOHN HUBER, PRESIDENT, NATIONAL OILHEAT RESEARCH ALLIANCE, ALEXANDRIA, VA

Good morning Chairman Bingaman, Chairwoman Cantwell, and Ranking Members Murkowski and Risch. My name is John Huber, and I am President of the National Oilheat Research Alliance (NORA). I greatly appreciate the opportunity to testify before you today regarding NORA, its research, education, and training accomplishments and goals, and to respond to any concerns you may have regarding the General Accountability Office's (GAO) recent review of our operations.

As you know, the National Oilheat Research Alliance Act of 2000 authorized the heating oil industry to conduct a referendum to create NORA and to permit a small fraction of the cost of home heating oil to be set aside to fund important research and development, energy conservation, safety, training, and consumer education initiatives. This assessment is borne by the home heating oil industry and not consumers. Today 23 states participate in the program. Since its enactment, the Act has benefited millions of American consumers of home heating oil, and supported thousands of jobs, at no cost to the federal government. NORA has also benefited the approximately 50,000 individuals employed by the heating oil industry, the overwhelming majority of whom work for small local businesses in communities across the country. The industry provides secure, well-paying jobs, benefits, and pensions to its technicians, administrative workers, and other service personnel.

NORA's research, training, and education programs have ensured that consumers have access to lower cost, highly efficient equipment that operates safely. NORA began its operations in February 2001, and has operated continuously since then with the exception of two short time periods when operations had to be suspended pending reauthorization.

Today, I will provide you with a brief overview of NORA's research, education, and training activities to date and the fundamental principles that have guided NORA's operation since its inception.

DEVELOPING NEXT-GENERATION TECHNOLOGIES THROUGH RESEARCH

NORA has enabled significant funding to be devoted to improving the safety and energy efficiency of oilheating equipment. This has been of critical help to the industry, which is comprised of mostly very small businesses, with less than a dozen employees, that do not have sufficient resources to devote to R&D on their own.

Much of NORA's research and development work has been done in conjunction with the Department of Energy's (DOE) Brookhaven National Laboratory, expanding on prior work previously conducted by DOE. This partnership has been greatly valued by NORA. We continue to use Brookhaven's facilities and employees, who have brought their extensive training and knowledge to the Oilheat industry and have left the fruits of their research in the public domain for the benefit of all in the industry. Indeed, NORA's partnership with DOE is longstanding, having originated prior to its original authorization in 2000, when the Department hosted a workshop to develop a roadmap for Oilheat industry research activities, which was approved and funded by NORA at its first Board meeting. We revisited this roadmap in 2007 and developed additional thinking on how to improve the services and equipment available to Oilheat consumers.

In addition, NORA has undertaken several projects in partnership with the New York State Energy Research and Development Authority (NYSERDA). NORA has had Board members from NYSERDA, and NORA and NYSERDA have either jointly funded projects at Brookhaven, or NYSERDA has supported projects that NORA is conducting independently. Additionally, NORA and NYSERDA attempted to develop a joint liquid fuels research center together.

*Increasing Energy Efficiency*

A particular focus of NORA-sponsored research has been improvement of the energy efficiency of Oilheat appliances. First, NORA has developed highly efficient boilers and furnaces. In 2000, the top efficiency for oilheating equipment was 86. Today, consumers can purchase a furnace with 95 percent efficiency and a boiler with a rating of 93. Without this effort the tax credits provided by Congress last year for highly efficient equipment would not have been available to the millions of consumers who use Oilheat for their home.

Second, the industry and the researchers at Brookhaven National Laboratory have noted for many years that the efficiency ratings published by the Department of Energy do not properly reflect the efficiency of the combined heating and hot water systems common for oilheated homes. NORA contracted with Brookhaven National Laboratory to study this issue, and better assess the true heating efficiency of modern oilheated systems. This research provided key insights on how much fuel would be consumed by families using Oilheat, and what strategies were successful in improving overall efficiency. From this research, NORA developed a calculator to assist consumers in selecting the most efficient equipment for their home.

Lastly, NORA has worked to address the amount of heat that is often lost because it is vented into the outdoors. We are currently working on a project that would allow for near condensing appliances. It is possible that such a solution could provide an effective and economical method of raising efficiency with existing appliances.

Through these efforts, we have been a key factor in helping our customers reduce the volume of oil they use by significant amounts. In fact, research we have done indicates that in recent years, we are seeing decreases in consumption approaching 30 percent.

*Utilizing Renewable Fuels and Power Sources*

NORA has worked to develop an ASTM specification for biofuels, so that these renewable fuels can be used in heating equipment. As a way to reduce electrical use and also use the light energy from the burner, NORA is also conducting studies on the use of photovoltaics in the heating system that could generate power for the unit, and possibly for other appliances. Additionally, NORA is now working with the National Biodiesel Board to determine what level of biodiesel can be safely used in an Oilheating system, and what changes need to be made to a system that would allow it to use 100 percent biodiesel.

*Fuel Storage, Safety, and Quality*

NORA has worked with Brookhaven to study the fuel utilized in Oilheat appliances. While the fuel NORA uses is similar to diesel, it is stored differently, and is used differently than diesel. NORA did extensive research on fuel properties, the proper way to analyze the fuel, and appropriate measures to improve the fuel. This research was collected in a guide for Oilheat retailers. This research has been vital to the industry in improving the fuel they deliver to their customers.

NORA has also supported efforts within states to move aggressively to lower the amount of sulfur in heating oil. Sulfur has been an impediment to increased efficiency and economical heat exchangers. NORA is conducting a project to assess what new materials for more efficient heat exchange will become available with this new fuel.

The commitment to environmental safety and the proper storage of oil is a priority for NORA, the industry and consumers. NORA worked with manufacturers of tanks and the National Fire Protection Association to develop guidelines for the proper installation of tanks. This was translated into a tank installation and maintenance book, which was accompanied by a training curriculum and certification program. During the course of this work, NORA developed a working relationship with the Institute for Building and Home Safety, and we developed brochures for consumers on monitoring their tanks and ensuring they operate safely.

Additional research accomplishments of NORA's are detailed in the attached report.*

IMPROVING TRAINING AND SAFETY

The second leg of NORA's efforts as established by Congress is to improve training and safety. NORA has done this in many areas. There are approximately 20,000 service technicians in the industry. Prior to NORA, the type of training they received was inconsistent, often dependent on anecdotes, and did not focus on the means to improve comfort for consumers safely and efficiently. To respond to those challenges, NORA established a certification program.

Education has been one of the critical components of NORA since its inception. The NORA statute establishes that a goal of the funds is to enhance consumer and employee safety and training. Effective education is key to the implementation of new technologies. It also is essential to adopting procedures and methodologies that reduce accidents, and improve the safety of the product. Additionally, proper training is essential to the proper installation and maintenance of oilheating equipment. Failure to install equipment properly and to maintain it can lead to leaking tanks

* Document has been retained in subcommittee files.

which can affect drinking water, it can impact whether the system operates effectively, and in extreme cases improperly installed heating equipment can result in physical harm or fatalities.

NORA's strategic plan has been to closely integrate research and development and education. First, all educational materials need to be verified as accurate. In many areas, common knowledge has been the guiding posts for education. NORA rigorously examines such claims to ensure they are true before adopting them in training materials. Second, in developing a research agenda, NORA evaluates whether the research or technology development will be field implementable. Developing technology that will not be acceptable to the industry or consumers does not benefit Oilheat consumers. Finally, NORA works to ensure that knowledge developed through research and development migrates into the field, where it benefits Oilheat consumers.

NORA utilizes a two tier system for education. Generally, all of the educational materials and programs are developed in a coordinated fashion at the national level, and the dissemination of the information, the labs for training technicians, and the actual training are conducted pursuant to the grants developed with the state organizations.

*Investments in Industry Training and Related Materials*

Prior to NORA there was no systematic method for coordinating various training entities and ensuring training materials for industry technicians are high quality and updated on a regular basis. One of NORA's initial goals was to develop training materials that are readable, accurate, and current. Prior to NORA, the industry had failed on each of these tests. The training manual for technicians was based on a 40-year-old book, it contained inaccurate and improper information, and had third and fourth generation photocopies as part of the text.

NORA developed a new training manual that is now the industry standard. This required each chapter to be written and reviewed by a technical committee, and then to be designed and have graphics developed. A manual which had been undergoing revision was redesigned in 2001-2002 in an effort to modernize this resource as an interim step. However, in 2006, NORA began a more ambitious effort to remake the book from the ground up. This effort was completed early in 2008, when the book was released. This book has now been converted into the metric system and is also used by the Canadian oilheating industry.

NORA has also developed a number of video training programs for the industry. To date NORA has produced 16 videos. These videos include instruction on how to install tanks, customer service, installation and maintenance of controls, how to deliver oil safely, how to tune-up a burner, how to respond to a no-heat call, how to drive a retail truck, understanding efficiency and why it is important to be environmentally cautious when delivering oil. These videos are available to anyone, and NORA also distributed a copy of all of the videos and the textbook to the industry.

NORA has also produced "Heating Oil Storage Tanks, Guide to Quality Installation and Maintenance". Research indicated that the primary problem with tanks and their failure was improper installation, and lack of maintenance. Thus, the industry was challenged to respond to this problem with a new way of doing business. It was determined that leaks or other issues from tanks were in many cases attributable to the industry installing tanks in accordance with their understanding of best practices, and not the requirements of the parties who had developed installation codes. To respond to that issue, NORA utilized the installation guides from the Steel Tank Institute and the National Fire Protection Association as the backbone for this book, and also included installation guides from each tank manufacturer. Additionally, NORA developed a method for systematically examining the tank at different times in the lifecycle of the customer owning the tank and in accordance with industry-recognized best practices. The development of this program was handled under a special allocation of the Board to respond to tank issues. The NORA Board then directed each of the state organizations to utilize these training programs in their state and to make this training available.

Lastly, NORA has developed an Advanced Training Manual. This book was completed in 2004 and was designed to educate technicians on the true efficiency of an appliance.

*Implementation of Technical Education*

Development and distribution of materials and is only the first step in a full implementation of a training regime. Technicians and owners must also understand and support expanded education. NORA has several strategies in place to further that effort.

First and most importantly, NORA has implemented a national certification program. In 2001, NORA took over the program that had been jointly developed by the Petroleum Marketers Association of America (PMAA) and the National Association of Oilheat Service Managers (NAOHSM). NORA certifies technicians at several levels and for several skill sets. Our introductory program is termed the bronze certification and is designed for new entrants to the industry. For more experienced technicians, we have a silver certification program, and for technicians who have studied our Advanced Manual on efficiency, we have a gold certification.

In addition to these core certifications, NORA also certifies technicians who have participated in our one-day tank training program. Additionally, we provide a certification for technicians who study the whole house heating system, and who have learned how to evaluate heat losses from a home and can help customers save energy.

Additionally, the certification program requires scoring tests, analyzing test results, and maintaining a test center. Responding to technician, company, and educator questions and issuing certifications, badges, and letters to technicians on a continuous basis is required. Nearly 18,000 participants have completed the certification program.

Additionally, NORA has participated in several forums in the industry and helped support a number of educational opportunities for managers and company trainers. These opportunities include a Train the Trainer program. Under this program, NORA and NAOHSM have hired outside experts to teach the art of teaching to trainers in the industry.

*Expanding Training Outreach*

NORA has also been responsible for developing and disseminating information to affiliated industries. These industries include plumbers and contractors, real estate agents, home inspectors, and tank installers. It also includes educating personnel in the industry on the facts about Oilheat and the progress that has been made to improve efficiency and improve its end use performance.

The state organizations affiliated with NORA develop and implement a number of educational programs. Since 2001, the types of activities in each state have been similar; the predominant variation is the amount of the budget invested in any single program. To accomplish this, the states have often provided scholarships or reduced fees for new entrants to the industry. While introductory training is critical, learning is a lifelong process. Thus, NORA encourages and supports continuing education classes for technicians. These will typically be 2-4 hour training sessions focused on a particular type of equipment with the goal of having the technicians understand the appropriate service requirements. These classes also include tank training, to ensure tanks are installed and operating safely.

NORA, through the qualified state organizations, has also conducted training for affiliated industries such as real estate agents, builders, plumbers, HVAC contractors, and home inspectors. Each of these individuals deal with heating oil customers sometime in the lifecycle of the home, and ensuring that they can recognize safe or unsafe equipment, efficient and nonefficient equipment, and the best ways to get value out of a heating system is critical to the Oilheat consumer.

ADVANCING CONSUMER EDUCATION

NORA has also invested significantly in consumer education. Over the past decade, Oilheat prices have fluctuated significantly, straining the limited household budgets of many Oilheat consumers. There were a number of reasons for these price increases, including the Y2K problem, increased consumption in China and India, Hurricanes Rita and Katrina, and the wars in Iraq and Afghanistan as well as commodity market volatility. Each of these factors placed significant upward pressure on prices, and bore negative consequences for consumers of energy products. To that end, NORA worked aggressively to educate consumers about what was causing the price increases and more importantly how they could lower their own prices.

Many customers who use heating oil have very inefficient heating systems. Many consumers have boilers that were converted from burning coal, and are thus very inefficient. Others have boilers and burners manufactured in the 1970's before the development of flame retention burners. Even boilers manufactured in the 1980's and 1990's can be inefficient compared to a modern boiler with a modern burner and advanced controls. During the high energy prices of the 2000's it was important to provide consumers options and advice on how they might be able to reduce their energy consumption and save precious household dollars. Encouraging consumers to look at new equipment thus was a strategic goal for the Alliance's consumer education expenditures.

ACCOUNTABILITY AND TRANSPARENCY

NORA has made great efforts to ensure its operations are transparent and accountable to the Oilheat industry, the Department of Energy, and Congress. NORA publishes its budget annually, seeks public and Agency comment, and then transmits these documents to Congress for comment. We believe this improves the program's operation and provides an opportunity for NORA to interface with the appropriate agencies and improve the product we provide.

*GAO Inquiry and Recommendations*

NORA worked extensively with the GAO during the review/audit process. While there are certain aspects and conclusions of the report that we find to be either incomplete or inaccurate, the NORA Board has moved to adopt some of the common sense recommendations, and looks forward to working with the Committee in making the appropriate changes in the underlying statute in the reauthorization process for those changes that are beyond the scope of the Board.

GAO raised and evaluated a number of issues in their report. One area of concern was Board representation. As described to GAO, when the Alliance was being considered by Congress, it was anticipated that 24 states would be in the Alliance, and that there would be a Board representative from each of those states. However, during the founding of the Alliance, three states that Congress anticipated participating including, Alaska, Minnesota, and Michigan, did not hold a referendum.

GAO also identified several members who appeared to lack a lapse in service. These individuals provided affidavits indicating their service had been appropriately limited and Board minutes confirmed their service interruptions. We would acknowledge that the annual report issued by NORA, which was designed to show the leaders participating in NORA both in the year of issuance and the year of the annual report, lacked clarity. However, the limitation of service was fully complied with.

GAO also raised issues regarding the appropriate delivery of the budget and recommended that it be provided to multiple offices within the Department of Energy. The law requires the budget to be provided to the Secretary, which was complied with. Additionally, the budget is posted on the website, so it was easily and readily available to all offices within DOE. A similar issue was raised with the audit, which has been posted to the internet each year. The GAO also raised a number of issues regarding lobbying activities by organizations with which NORA works. We would note that the statute places no limits on lobbying activities of organizations, but rather clearly directs that NORA funds shall not be used to affect legislation or elections. To ensure that this limitation is complied with, GAO recommended that NORA require anyone receiving grants or funds to stipulate that they have complied with the lobbying restrictions at the completion of the contract. This is similar to restrictions currently in other federal statutes. NORA has this restriction in its contracts, and now requires back end certification.

CONCLUSION

In conclusion, we believe NORA has played an instrumental role in bolstering the Oilheat industry—from improving training, safety, and consumer education to making critical advances in energy efficiency and other technologies. We believe the industry is best served by the continued operation and strengthening of NORA.

We thank you for conducting this hearing. The industry continues to stand willing to work with the Chairman and the Congress to improve the statute and the operations of NORA.

The CHAIRMAN. Thank you very much.

Mr. Willis.

## STATEMENT OF ROY W. WILLIS, PRESIDENT AND CHIEF EXECUTIVE OFFICER, PROPANE EDUCATION AND RESEARCH COUNCIL

Mr. WILLIS. Thank you, Senators.

I appreciate the opportunity to testify this morning. Two objectives for my oral remarks. I want to take the opportunity to update the committee on some of the ongoing work that PERC is doing and the results of the work that we have done, and also to respond to the GAO report.

PERC has active programs in research, safety, training, and as you know, our education function as an operation of the PERA statute is currently restricted. That impairs PERC's operations, but it is, by no means, debilitating.

In the research area, we have a different perspective than the GAO report on the total investment that the council has made in the research. The GAO report reflects research investments made by only the research—through the Research and Development Advisory Committee of the council. Two other research advisory committees, Agricultural and Engine Fuel, conduct research programs in those specialty areas.

In total, through the last year, the council has invested $81 million in research, and it has leveraged that investment with matching funds totaling $119 million from private sector and Government sources, Government providing only about $8 million of that matching funds. Most of it is private investment.

Our research portfolio is broad and, like the propane market itself, very diverse. It has produced important results. School buses that reduce greenhouse gas emissions by 24 percent, according to EPA certifications. Ways to use heat, steam, and flame to control weeds, pathogens, and sterilize soils for more organic agriculture.

We have worked with other organizations to create hybrid power systems that combine propane generators with solar and wind power to improve overall efficiency and reliability of off-grid systems. We have worked with manufacturers to develop hand-held appliances like leaf blowers, trimmers, and other lawn care that EPA has recognized as clean air technologies.

One of the more promising products from our research portfolio are the commercial-grade mowers that reduce criteria air pollutants by more than 60 percent and present an opportunity to improve the structural efficiency overall of the propane industry itself with broader utilization. These mowers also eliminate spillage in the environment, which the EPA says from small mowers represents annual spillage equal to one and half times the spillage from the Exxon Valdez incident.

Our research program is also exploring ways that renewable propane can be produced on a commercial scale and how other biomass-based renewable resources, such as dimethyl ether, can be blended into the current propane energy supply to expand supplies and to make it more renewable and sustainable.

Our safety programs include an extensive catalogue of consumer safety materials that are available online and in print. We have an ongoing safety outreach program for the 50 million Americans who use propane for outdoor grilling. According to the National Fire Protection Association, incidents involving propane grilling accidents have been reduced by more than 50 percent over the last decade.

Fire safety experiments have been conducted on a variety of components utilized in the propane delivery system and home fuel systems. We have also done testing on container materials, regulators, tank coatings, and other things, which improve the safety of the fuel delivery system.

Working in collaboration with Government and private sector organizations, including the Chemical Safety Board, the National

Fire Protection Association, the Occupational Safety and Hazard Administration, we have an ongoing program to update our training and consumer information to deal with safety issues as they arise in the marketplace.

Training programs are a major part of what PERC does. We have developed a world-class training program for firefighters and other emergency responders that have been adopted by more than 30 States as part of their fire training academy curriculum. We have developed computer-based work force training and have trained more than 100,000 employees in that program since it was adopted by PERC.

We have a growing number of specialty programs to train architects, developers, home builders, plumbers, heating and air conditioning contractors that focus on safe design and installation of propane systems, compliance with green building standards, and comparative analysis for various appliances.

I want to turn to the GAO report and deal directly with the issues respecting lobbying. PERC complies with the law. No assessments have ever been used to influence legislation or elections. PERC has never urged any lawmaker to support or oppose any bill, amendment, or other legislative activity.

PERC funds have never been used to support or oppose any candidate for public office. GAO did not find any instance where PERC funds had been used for legislative or elective activities.

The issue, as I understand it, is whether our education efforts, to the extent they included outreach to Congress and partisan-affiliated organizations, were anticipated by Congress. As I have said in our written response and in our written testimony, PERC welcomes clarification and guidance on this point.

I see that my time has expired.

[The prepared statement of Mr. Willis follows:]

PREPARED STATEMENT OF ROY W. WILLIS, PRESIDENT AND CHIEF EXECUTIVE OFFICER, PROPANE EDUCATION AND RESEARCH COUNCIL

My name is Roy Willis. I am president and CEO of the Propane Education and Research Council, Inc., a commodity program authorized under the Propane Education and Research Act of 1996 (Public Law 104-284). It is a honor to appear before the subcommittee to offer testimony on the activities of the Council and to address issues related to the recent review of the activities of the Council and the National Oilheat Research Alliance conducted by the Government Accountability Office at the request of the Senator Jeff Bingaman, chairman of the Senate Committee on Energy and Natural Resources.

The Council began full operations in January 1998, when assessment collection began. That followed an industry-wide referendum of producers and retailers conducted in the summer of 1997 in which more than 90 percent of both propane producers and propane retailers approved the creation of the Council and the levy of the assessment on themselves. I was employed by the Council in March 1998 and have led the organization since.

From the outset, the Council has endeavored to faithfully and transparently implement the Act and to serve the public and the industry through programs that advance the priorities of the Act, namely employee and consumer education, research and development of clean and efficient propane utilization equipment, and public education about safety and other issues related to the use of propane. The Council has compiled an extensive record and has made important progress in each of these priority activities.

As this subcommittee meets, Americans from coast to coast are benefiting directly from the work of the Council:

- Firefighters in all 50 states have access to propane-specific training that the Council provides free to every fire department in the country.

- Hundreds of people in Michigan, Georgia, Texas, California, and other states have jobs building clean trucks, vans, and school buses that reduce pollution and provide reliable, affordable transportation, based on fuel systems research and developed primarily with Council funding.
- Tens of thousands of industry employees are being trained by modern, computer-based workforce training products developed by the Council.
- Builders, architects, and other construction professionals have analytical resources and training products useful in guiding the safe installation and efficient use of propane in new construction and renovation projects.
- An extensive portfolio of research on propane utilization equipment, funded by the Council, is under way at public and private research facilities in pursuit of safer, cleaner, more efficient ways to use propane to meet essential energy needs.
- Propane consumers have access online and in print to a diverse collection of safety materials and other guidance on the installation, upkeep, and use of propane and propane appliances.

These are but a few examples of the work that is being done because the Congress authorized the Council to pursue these activities and provided the mechanism to fund them. Before the Council's creation, very little, if any, of this work was being done by the government or the private sector.

Propane is a small part of the country's energy supply—about 2 percent. Yet its reach is extraordinary. Nearly 10 million American homes use propane for a basic energy need—cooking, hot water, and space heating. More than 70 percent of American farms and national parks rely on propane. According to the Department of Energy, nearly half of the country's fleet of dedicated alternative-fueled vehicles run on propane. The overwhelming majority of forklifts are propane-powered. To serve these vital energy needs, more than 56,000 men and women work every day in the production, storage, transportation, and delivery of propane. Most of them work for the small businesses that arrange for supplies and deliver propane in all 50 states to literally millions of homes, fleets, farms, and businesses.

THE GAO REVIEW

Regarding the GAO's recommendation that federal oversight be strengthened, the Council stands ready to provide appropriate assistance to the Congress in making improvements to the Propane Education and Research Act. At present, the Council does not know how that oversight might be designed and implemented and so cannot offer a more specific point of view. The Council acknowledges that an oversight regime exists for federal agricultural check-off programs and that such oversight can provide for greater government involvement in the decisions that check-off programs make regarding the resources available to them solely as a consequence of federal authority. In the Council's view, if a mandatory oversight requirement is to be implemented, it should establish standards and procedures to guide decision making and not substitute agency determinations for the leadership responsibility that Congress has rightly vested in the governing body under the Act.

The GAO report discussed a number of specific issues. Chief among them are the relative levels of funding given to the four priorities under the Act and, specifically, expenditures for certain education activities.

*Spending for Priority Activities*

The Act gives the Council responsibility for determining the appropriate funding level for each of the statutorily mandated functions. The allocation of funds has been and continues to be made on the basis of the best available information and opportunities to have a positive impact through Council-sponsored programs and projects. Every statutory function has received considerable attention and substantial funding from the Council.

Educating the public about propane has received the largest share of Council funding. These efforts are based on vital market data, as are all Council programs and projects. and they are implemented under a disciplined system of project management and financial controls, subject to ongoing measurement and evaluation, and implemented with oversight by dedicated advisory committees and subject matter experts on staff or under contract.

Due to the restriction of its activities under Section 9 of the Act, which began August 4, 2009, and continues to be in force, the Council eliminated spending on generic advertising in residential and commercial markets and other forms of broad public education. Attached to this testimony are several graphs that show that the Council has been adjusting funding levels throughout its existence, with more funds

over time being allocated to technology initiatives through its research and development, engine fuel, and agriculture activities.

In determining the level of funding that the Council has dedicated to the research function, it is vital to consider two factors: 1) the funding for research for agriculture and engine fuel projects; and 2) the funding the Council was able to attract through leveraging its investments. This information was provided to GAO, which acknowledged receipt of it but did not quantify these investments in its report. The attached graphs illustrate that the Council's direct investment of $81.3 million for all research projects was leveraged against $119.6 million in third-party funding for a total research investment of more than $200 million. That compares favorably against total assessment collections of approximately $350 million.

GAO raised the issue of whether certain education activities were lobbying. The Council strictly complies with the law. The Council does not support or conduct lobbying in any way. Each PERC program is subject to a disciplined system of project management and financial controls, including legal review. Regarding the expenditures GAO highlighted, the Council and the grantee were advised by legal counsel that the activities are lawful. Yet, I acknowledge that, without context, this spending can create an unfortunate appearance—too close to the line. As CEO, I take responsibility for it. I also have taken action: terminating the program. I did so not because of legal concerns but because the Council strives to avoid even the appearance of impropriety.

Clearly, not all communications with Congress and other policymakers is lobbying. The federal rules for agricultural check-offs, for instance, anticipate that that check-offs will correspond with Congress. The rules provide straightforward guidance that check-offs report factually on the results of their activities and not advocate a policy position. The content of Council-sponsored messages, in fact, met the requirements of that rule. (Copies of advertising messages were provided to the subcommittee.)

Ultimately, these are speech questions. Three times since the Council was authorized in 1996 the U.S. Supreme Court addressed the use of assessment funds for speech activities. Obviously, whatever federal oversight may be developed, it must be consistent with the court's ruling regarding speech activities by check-off programs.

COORDINATING WITH OTHERS

The Propane Act requires the Council to "coordinate its activities with industry trade association and others as appropriate to provide efficient delivery of services and to avoid unnecessary duplication of activities." [Emphasis added.] the Council takes exception to the report's questioning whether the Council has coordinated its activities with federal agencies. The Council acknowledges that federal agencies are clearly within the scope of the term "others." And, from the outset, the Council has maintained program of coordinating its activities with federal and state entities. The Council has worked with federal agencies primarily on a project-by-project basis and, as a result, has been able to successfully leverage its research investments with government funding for the Council projects totaling $8.2 million.

*Energy*

The Council's coordination with the Department of Energy (DOE) on research programs dates from the creation of the Council's first technology roadmap. At the Council's request, in 1999 and 2000 DOE provided limited funding and made available personnel from the National Energy Technology Laboratory to assist in developing the foundational document for the Council's research activities, The Propane Vision and Technology Roadmap. The Council has engaged with DOE on a number of projects and programs and actively participates in its Clean Cities program. Earlier this year, several entities with which the Council routinely coordinates, and the Council itself, were the recipients of more than $30 million in DOE Clean Cities grants for deployment of propane alternative fuel technology, much of which owes its existence to the technology investments that the Council has made.

The Council has briefed DOE officials under three administrations on the activities of the Council. The Council made a particular effort to discuss the Act and to specifically identify the provision in the Act that authorized the Council to reimburse the Secretary of Energy for two full-time employees for their work on Council matters. No administration has designated or appointed a department employee to coordinate with the Council, and none has asked for reimbursement. Virtually all contact between DOE and the Council has been initiated by the Council.

*National Parks*

The Council has not limited its coordination with federal agencies to DOE. Because approximately 75 percent of national parks use propane for a major energy need, the Council has maintained a long-running outreach program to the Department of the Interior's National Park Service. The Council has collaborated with the service on several demonstration projects—and we have one under way at Denali National Park. We have held Council meetings in national parks and presently work with a park service task force to coordinate efforts to improve safety, training, and energy efficiency related to propane use in the parks.

*Agriculture*

The Council also has a long history of coordinating with agriculture agencies and research institutions. The Council has successfully developed grants and obtained co-funding from the Department of Agriculture (USDA) for numerous research and demonstration projects. The Council has invested considerable resources over many years to coordinate its works with the USDA's Agriculture Research Service (ARS). That coordination has included multiple investments by the Council on a key ARS research initiative to replace methyl bromide and other chemicals with propane-fueled heat, steam, and flame to sterilize soils, control pathogens, and manage weeds and pests. We work together on individual projects of mutual interest as they arise.

*Commerce*

The Council has also cooperated with the Department of Commerce, which is required by the Propane Act to conduct an annual price analysis and, every other year, a market survey.

*State Agencies*

The Council also regularly coordinates with several state agencies, including the California Air Resources Board (CARB), the California Energy Commission (CEC), the New York State Energy Research and Development Authority, and the Texas Railroad Commission's Alternative Fuels Research and Education Division (AFRED), to name a few. With respect to CARB, the Council coordination is focused on emissions certification programs that are essential to bringing to market vehicles (on-road and off-road) and stationary engines (for irrigation and electricity generation) throughout much of the United States. With AFRED, the Council has established an extensive record of collaboration and cooperation to conduct research, to demonstrate propane equipment, vehicles and appliances, and to develop and host technology forums to train industry personnel on the propane utilization equipment that come out of the Council's research portfolio.

In addition to its work with state and federal agencies, the Council has established an "industry programs" area to coordinate its activities with industry trade associations at the state, national, and international level.

CONCLUSION

The Council has actively pursued fulfillment of all of the statutory obligations and mandates of the Propane Education and Research Act and other applicable laws. The Council has made sound investment decisions that were appropriate and reasonable given the conditions and opportunities available when those decisions were made. The Council's programs and projects are managed under a well-defined system of rules, policies, and procedures, and are subject to ongoing measurement and evaluation. The Council has successfully deployed safety, training, educational programs and propane utilization equipment from its research efforts have gained some success in the marketplace, enabling energy consumers to improve their energy efficiency, safety, and environmental performance.

Thank you again for the opportunity to appear and respond to any questions you may have.

The CHAIRMAN. Thank you all very much.

Let me see if, Senator Risch, did you wish to ask a few questions? You had indicated you might have to leave.

Senator RISCH. I do have to leave. Thank you, Mr. Chairman. I will yield to yourself.

The CHAIRMAN. OK. Let me start just to ask you, Mr. Gaffigan, to describe your understanding of how the program works. This is one of the so-called check-off programs. Now this is essentially the

various companies that are in these businesses are assessed a fee, as I understand it.

Is that fee then passed on to their customers, or is it not? Or is this something that comes out of their profits? Is it voluntary? Is it required of them? What is the general way in which this program functions?

Mr. GAFFIGAN. The assessment is required. However, I want to be clear. We didn't look at this—the issue of whether this is passed on to the consumers or not, we did not look at that in this review because, frankly, we don't see it as a requirement. We have looked in the Oilheat Act, and there is no provision in there that says it can or cannot be passed on to the consumer.

There is a provision in the PERC authorization, and I will read it to you. It basically says the council may take no action nor may any provision of this act be interpreted as establishing an agreement to pass along to consumers the cost of the assessment.

Here is what we understand, and again, we looked at this in the last couple of days as we prepared for the hearing and this issue was raised to us. PERC says—and this is from their own guidance—as a result, PERC does not determine whether or not the company that pays the initial assessment can collect the amount of the assessment from the consumer. This is a decision that must be made individually by each company that pays the assessment. So, to us, it is not clear whether, ultimately, the consumer pays it or not.

As far as NORA goes, Mr. Huber, in his statement, says this is not passed on to the consumers. Again, we do not see anything in the act that addresses this one way or the other. We did find that—this is a NORA Form 782B, and we found this this morning. This addresses the pass-through, the fee, and it indicates that the retailer may choose whether to list the fee separately or to include it in the price.

So, again, we are not sure how much of the price is ultimately passed on to the consumer or whether it is itemized. To be honest with you, I think, in either PERC or NORA's case, it would be kind of hard to prove unless it is itemized.

One of our staff members is actually a heating oil recipient and customer. They actually brought in the bill, and it is itemized on here—NORA tax, 0.2 of a cent has been added to her bill. So we are happy to provide any of this for the record. So I would say in some cases, it looks like some consumers have paid. At least one consumer has paid the NORA assessment.

The CHAIRMAN. All right. Let me ask Mr. Huber, are there functions that are handled by NORA that cannot be handled by the National Association for Oilheat Research and Education? This is NAORE, I guess. I don't know. I think you are also president of that organization, as I understand it.

Mr. HUBER. I am the secretary to that organization.

The CHAIRMAN. Oh, OK. Why is that organization not the appropriate organization to do the various things that NORA is currently doing?

Mr. HUBER. OK. When the industry established NORA back before it was enacted by Congress kind of as an overall working group to try to pass this legislation back in the late 1990s, they es-

tablished an organization that would put money aside to do appropriate legislative lobbying activities, what have you. That was named the National Oilheat Research Alliance.

When the bill was moving through the legislative process, legislative counsel requested that that organization be renamed to the National Association for Oilheat Research and Education. The industry has used that as a place to put separate funds essentially to do legislative lobbying activities in support of the NORA statute. So that is what that—the primarily purpose of that organization is to do that, and then the second activity of that organization is to review board nominations and then appoint members to the NORA board.

The CHAIRMAN. OK. But is there any reason you know of why that organization, this National Association for Oilheat Research and Education, could not take on the responsibilities of NORA as well?

Mr. HUBER. I think that, overall, I mean, as an industry, I think that for 20 or 30 years, this industry has looked at its needs in research and development. The Department of Energy used to do those, a significant part of that, consumer education and an education and training program. These thousands of small businesses were just not capable of working cooperatively together without a statute by Congress to allow them to do that.

So, essentially, I would say that the industry, in communicating to its consumers, to doing effective R&D, and to doing effective education and training, as a separate organization, was failing, and that is why they turned to Congress to do it.

The CHAIRMAN. Senator Shaheen.

Senator SHAHEEN. Thank you, Mr. Chairman.

Thank you all for testifying this morning.

Mr. Huber, as I am sure you are aware, New Hampshire, which is the State that I represent, has a very high percentage of households that are heated by oil, mine included in that. I know that that is true for most of the Northeast.

Just for my personal understanding, can you break out where homes are mostly heated by oil and how the rest of the country breaks down when it comes to heating by oil?

Mr. HUBER. Yes, absolutely.

First, thank you, Senator Shaheen, for all your help on the NORA statute in the last couple of years. But essentially, we are a Northeast industry. We have a big part of the Midwest and then parts in the Northwest. We traditionally have had a lot of the older housing stock in the inner cities, such as Boston or Manchester or New York City. So we have a pretty good share in those inner cities, those old neighborhoods, post-war development.

Then we have a lot of rural America, where people are not—electricity is not a viable option. In a lot of the Northeast, it is just not economically viable. Propane can be an alternative, and heating oil can be a very efficient, cost-effective choice. So, for a lot of the rural America, oilheat has a good share in that part of the country, too, particularly in the Northeast because we get a lot of water product into the harbors in Portsmouth or Portland or Boston, which allows for a very efficient delivery system. So we have a very good economic advantage in those areas.

Senator SHAHEEN. OK. You pointed out in your testimony that the board had looked at the GAO report and come up with a plan to address the concerns raised in that report. Can you speak a little more directly to some of the proposals in the plan that you think would address the concerns raised by GAO, specifically the consumer education issue that was raised and how that is going to be addressed?

Also, the safety, I know one of the things that it points at is that you don't actually track the improvements to safety that you think result from the work that you do.

Mr. HUBER. From the GAO's perspective, there were a couple of issues. We do work closely with the State affiliates. When NORA was founded, there was a thought that using the infrastructure in place was an effective way of getting delivery of products, whether it was education and training or consumer education into the field. So, we have used those to hire the appropriate contractors, do the appropriate consumer education pieces, and put those into the field.

GAO expressed some concerns that it was not a tight enough circle and that perhaps some of those funds were being used for legislation. So they indicated that they would like us to do a certification of all those funds, indicating that they were not being used for legislative activities. So we have adopted that into our contracts, and we adopted that as a final thing that they must do a certification on any funds received.

Second thing is just kind of using those as field agents. Over time, the accounting system that we use has allowed us to essentially pay all the bills for the State associations for the NORA program. So if they hire an educator, they could basically send the bill to us, indicate that is for an education program to do this, and we would basically pay the bill, and then it would roll into our system.

The consumer education——

Senator SHAHEEN. Can I just interrupt you for a minute?

Mr. HUBER. Sure.

Senator SHAHEEN. When you do that, is there a mechanism to track what those safety educators actually do in States?

Mr. HUBER. You know, that is an excellent question as to the safety educators. We basically depend on the local service technicians. As you know, this industry is a very—probably one of the least integrated industries in the country. Our largest company probably has a 1 to 2 percent market share. From there, they go to the 0.001 market share. So we have companies with 1, 2, 3 employees servicing 500 to 1,000 accounts.

Trying to develop an effective tracking mechanism, how everything is working, is very difficult. Getting a data source together is almost impossible. I mean, we do work closely with the manufacturers who would be getting recalls of equipment that are possibly not broken or have some issues that they know because they will be more of a repository.

A lot of this is also—as small business manufacturers, a lot of that information is also closely held. So it is, to a large degree, we have to depend on the industry alerting us to problems. One of the areas that we worked extensively on was tanks. The heating oil

tank storage system is probably the—maybe the weak link in our system, and we were alerted to that as a problem.

We worked with a lot of the manufacturers of tanks, indicating how installation should occur, how maintenance should occur. Worked with the Institute for Business—Building and Home Safety, which is the insurance homeowner association, to try to figure out an effective strategy to get better equipment, better inspections, and better activity going on.

So, we did develop a certification program. Some of those insurance companies have encouraged their consumers to use NORA-certified tank installers and inspectors, all as a way to try to push it through on a private basis.

Senator SHAHEEN. Thank you. My time is up, Mr. Chairman.

The CHAIRMAN. Let me ask a few other questions.

Mr. Willis, you have a National Propane Gas Association in your industry. Why is it your view that the functions that PERC performs could not be adequately handled by that association?

Mr. WILLIS. Senator, I don't have a history with the association. I came to the propane industry when I was elected or selected to—as its president.

My understanding, however, of the history is that the association had, in several instances, attempted to create voluntary programs in the industry and had programs in work force training and programs in consumer education. Those programs ran into obstacles in terms of being able to sustain a level of funding that enabled them to continue those programs in a cost-effective way.

As to the research, much like the heating oil industry, the propane industry is made up of thousands of small businesses spread across all 50 States. The wherewithal economically to make long-term investments in research, many of the PERC projects can take 2 to 3 years to work through the research cycle.

There is no competitive advantage or opportunity for a single industry member to sustain those kind of programs with their corporate funding, and I am not aware of any effort that had been made to develop a major research program inside the association. There was a research committee inside of the NPGA at the time I came to PERC, but it was largely unfunded.

The CHAIRMAN. OK. Let me ask Mr. Gaffigan, we have been talking here about why these voluntary organizations that exist could not perform the functions. Did you look at that, as to whether or not the participation in PERC and in NORA should be voluntary rather than required or what the effect of making that change would be?

Mr. GAFFIGAN. Right. We didn't assess that as part of our review, but we did have conversations with PERC and NORA about this issue, and we have looked at some of the history. I guess a couple of things come to mind.

One, both the referendums that established these organizations had full support going forward. So, again, it begs the question of why that full support can't translate into some voluntary contributions?

The other question I would ask is why, what makes these two particularly different than any other industry that has a trade association? There are many other industries perhaps who have mul-

tiple vendors. If we look in the energy sector in particular, as we look to new sources of energy, whether it is geothermal and solar, many of these entities are startups. They may follow the same structure.

So I guess the question I would ask is, is it the Federal Government's role to get involved in providing or authorizing these types of assessments? I think the bottom line is, if it is difficult for them to get the voluntary contributions, then they need the Federal Government to provide this requirement that these fees be paid, so it is a required contribution plan.

If the Federal Government wants that to continue—and that is a legitimate policy choice—and they have expectations as to what that work that money is going to go toward, then I think the Federal Government needs to put in the proper language to specify what those expectations are and to ensure some oversight because, right now, neither one of those things exists.

The CHAIRMAN. Let me ask both Mr. Huber and Mr. Willis what, in your view, would be the proper oversight function, say, in the Department of Energy? Is that where it ought to be lodged, and what would you see as the proper function for either the Department of Energy or any other Federal agency in oversight of the way this funding is spent and how the program works?

Mr. Huber.

Mr. HUBER. The Department of Energy would certainly be—would appear to be the most appropriate place for oversight. But I have to acknowledge that the Department of Energy has very little interest in the heating oil industry. They have withdrawn from doing any research and development in that area. So they have kind of walked away from this sector of 8 million consumers and the businesses that I work with.

As part of the statute, we did provide funding so if DOE did want to have oversight, that it would be funded by the assessment. We allowed for two employees, two full-time equivalents to be paid for with NORA funds for that type of oversight interaction. So that would probably be the most appropriate agency to work with. We would welcome the opportunity to work with them.

I think the other organization is we are trying to move more toward the biofuels and renewable fuels. So even looking at the Department of Agriculture, trying to move us in that direction could be a helpful step.

The CHAIRMAN. Mr. Willis.

Mr. WILLIS. I would certainly agree with Mr. Huber's remarks that the Department of Energy is a logical place for oversight. The council has had very similar experiences in terms of working with DOE. We have been very successful working with DOE on a project-by-project basis.

Since the council has been created, we have briefed the Clinton administration, the Bush administration, and the Obama administration on the act and paid special attention to the provisions of the act that enabled the Secretary to designate employees to work with the council and specifically underscored the fact that resources are available to compensate the department for its oversight of the council.

All 3 administrations did not act on the provisions in the act. If oversight is to be had, I think it has to be mandated, quite candidly. As I have said in my written remarks, the Supreme Court has 3 times ruled on the use of assessment funds for education activities, and I certainly think that oversight at the department on those programs would certainly ensure that these programs are operating in compliance with the court's recent decision on that matter.

The CHAIRMAN. Senator Shaheen.

Senator SHAHEEN. Yes. I would like to explore that issue a little further as well. Mr. Gaffigan, when you looked at the oversight piece, the statute is ambiguous with respect to how it addresses DOE's oversight of the programs? Is that a fair——

Mr. GAFFIGAN. I would characterize it that DOE has oversight authority.

Senator SHAHEEN. Right.

Mr. GAFFIGAN. It just chooses not to exercise it.

Senator SHAHEEN. Did you talk to them about why?

Mr. GAFFIGAN. This goes back to 2003, when we first did a report on the PERC area. They don't view that they have an oversight role. In fact, back then, they were pointing to the Department of Agriculture, saying, "Well, they are the ones that are supposed to do the price analysis."

So it was very much a finger-pointing "not us, it is them." Neither one is really interested in doing it. They are not interested in being reimbursed for it. They have other things to do.

That being said, I think there has been some interaction and coordination on some of the efforts because, Mr. Huber is right, traditionally, in the fossil fuels area, the Federal Government has backed off on R&D. But there is still some work ongoing.

For example, in energy efficiency and renewable energy, there are efforts to look at propane-powered vehicles, which I think is in concert with the PERC, some of the PERC initiatives. I think you should look at each one of those areas. So R&D, that would be an area to look at.

USDA is obviously involved in the biodiesel, looking to mingle it with oilheat and looking at supplanting some of the traditional oilheat that we use in the current burners. As far as safety and training, DOT plays a role in the transportation of propane.

Senator SHAHEEN. Right.

Mr. GAFFIGAN. So there are activities going on there. As far as consumer education, which is the bulk of what is characterized as the efforts, if you think of consumer education as what consumers should know about propane or oilheat and the prices, we do have the Energy Information Administration, which its total budget is $110 million. Roughly, if you combine PERC and NORA together, their budget is about half of that.

Now I know that PERC and NORA don't spend all their money on consumer education, but they do spend a good amount. I am not aware of what kind of coordination might be going on there, but you can find out information about propane and oilheat currently from the EIA.

Senator SHAHEEN. Let me ask you on the consumer education piece, one of the things that I think you mentioned in your testi-

mony was that there were funds that were used to send representatives to national political conventions. Can you just describe a little bit more about how you discovered that and how it was justified by—were both organizations doing that, and how did they justify that?

Mr. GAFFIGAN. Yes. I think here we have to make a distinction between PERC and NORA. We did not find that in the case of NORA. The NORA concerns were, what were the State associations doing? Seventy-five percent of the money goes back to the State associations, and Mr. Huber talked about some of the issues we raised. I think the certification is good.

But a couple of other things I think they need to do is to monitor what is going on down at the States. When we looked at some of the ledgers that provided detail on what was spent, the item would say "purchase." We had no idea, and I don't think anyone could have an idea of what is involved.

You have to understand that NORA, its central office, is pretty small. Mr. Huber is also wearing the hat of NAORE. So I think he is part Superman as he tries to do all these things. But I think that the monitoring of the States is important and also separation of funds so that they can address the issues that we identified. We would see State association newsletters that would be touting calls for action and going to Congress and saying, "We need support. We are going to do this."

NORA's position was that they did not pay for that, that that came from the State association dues. Without the separation of funds, though, and the monitoring, I don't know how you have that insurance. Interesting enough, PERC, which only has about 20 percent of the money that goes to the States, they actually require the separation of the funds.

Turning to PERC and our concerns on lobbying there, that was the one example of folks going to the political convention, and it was a grantee. The grantee is the NPGA, which was mentioned earlier.

We asked the NPGA what they did with the money they got from PERC, and they provided a list of the things they used the money for. One of them was, and it is spelled out in our report in several other instances, one was to provide—to pay for folks to go to the political conventions, both Democrat and Republican. There were other instances of moneys paid to political-affiliated entities and such.

When we raised this, PERC and both NORA have taken the stand that the "lobbying" restriction does not address these activities specifically. It talks about influencing legislation and influencing elections. In neither one of these cases did they view that this involved that.

We did not make a judgment either way. So when Mr. Huber or Mr. Willis says they complied with the law, we have no view on that. We only point out that the statutes can be interpreted in different ways, and we go through some legal discussion in our report that shows, in some cases, other interpretations where these could potentially involve political activities or maybe approach the line, if you will, on lobbying restrictions.

Other cases, if you take a strict look at it, those folks who went to a political convention were not addressing any specific legislation or affecting any election. So that has kind of been the give and take on that issue.

Senator SHAHEEN. Mr. Chairman, can I ask a follow-up question?

The CHAIRMAN. Go ahead.

Senator SHAHEEN. Mr. Willis.

Mr. WILLIS. Yes, Senator?

Senator SHAHEEN. Since PERC has been identified as the organization that actually funded people to go to national political conventions, and I appreciate your statement about saying that you had complied with the law, although, as Mr. Gaffigan points out, there are different ways to interpret what the law says with respect to using funds for partisan activities.

I think most—I would certainly say that sending somebody to a convention, even if you send them to both conventions, that that is a partisan activity. So, I guess I would ask you how you justify that as a use of the funds?

Mr. WILLIS. Senator, I think it is critically important to make a distinction in terms of the activity that actually occurred. We did not fund anyone to attend, to register, and to participate directly in either the Democratic or Republican conventions.

As you know, surrounding conventions there are a number of forums, roundtable discussions, receptions, and others that are cleared by the House and Senate Ethics Committee as nonlobbying events. The grantee——

Senator SHAHEEN. Only if you eat standing up.

Mr. WILLIS [continuing]. Attended those. Beg your pardon?

Senator SHAHEEN. Go ahead.

Mr. WILLIS. Those are the events that were attended. These programs were part of a larger consumer education initiative that, as the GAO has rightly said, have received a considerable part of the funding that PERC has allocated since its beginning. We are not doing any of that now because we are restricted under the PERA statute.

That program primarily focuses on the 5 strategic values that are involved in energy decisionmaking—clean, efficient, reliable, safe, and economic value. We primarily targeted our effort in the residential and commercial markets, which are the largest consumers of propane, but we have also engaged in a broad conversation, what we call a national energy conversation, with as many of the decision-makers as we can correspond with that influence how energy decisions are made in this country.

That includes journalists. It includes private business leaders and public policymakers. We did that in part because our own study showed that awareness of how propane can be used to meet national energy policy objectives was incredibly low, almost not part of the discussion at all. At 2 percent of the Nation's energy supply, propane and heating oil are often completely overlooked when they can provide important contributions to meeting those national policy objectives.

That has been our objective. We thought it was an important contribution to the national energy conversation. As I said, in retrospect, in aggregate, all of the funds or expenditures that GAO

highlighted in its report constitute 0.09 of 1 percent of the total expenditure, but they are detracting from, I think, the most important work. We have taken this action. We have terminated that program, and we have absolutely no intention of dealing with that again, in part because of the appearance that it creates.

We thought that the action not only complied with the law—both the grantee and the council conducted legal review as part of our overall project management and received clearance on those. As GAO says, it didn't make a determination that there was a direct violation. But, clearly, one of the challenges that both Mr. Huber and I have leading a congressionally authorized organization is how best to communicate the results of what we are doing to Members of Congress.

I was a former trade association—I could do that by walking around and visiting each individual office, but that is also a tactic that lobbyists use. So this really gets to the content of the speech, what the overall objectives are, and that is why I have said in my report I do think that if you really want to focus on developing an on point oversight role for a Federal agency, it is in that area of education that is most appropriate, in my view.

Senator SHAHEEN. Thank you.

The CHAIRMAN. Did you have any additional questions?

Senator SHAHEEN. Actually, I have two other.

The CHAIRMAN. Why don't you go ahead?

Senator SHAHEEN. OK. Mr. Huber, one of the things you pointed out in your testimony—and as I said, I heat my home with oil. So I can appreciate this—is that in 2000, oilheat equipment was 86 percent efficient, and as the result of technological advances, which NORA helped to fund, it is now 95 percent efficient.

Can you track a direct connection between what NORA has done to improve that efficiency, and how does that compare to other parts of the country where NORA may not have been involved in addressing efficiency?

Mr. HUBER. Thank you, Senator.

Yes, I mean, part of it is that the oil heating industry got to that point and just kind of froze in time. We were the efficiency leader for many decades, and then the natural gas industry eclipsed us in efficiency.

A lot of the manufacturers, as you know, are small manufacturers, too. They are local community businesses making boilers or furnaces, very small scale. Putting the research and development, the engineering time into trying to go to the next step is very difficult.

So we initiated efforts with manufacturers to look at technology that the natural gas wasn't using and apply those to heating oil technology as a way to move that efficiency level up.

So that was a key step. I think there is a manufacturer in your State, Buderus, that has very highly efficient equipment from Europe. They are an American manufacturer now, which is terrific and very important.

The other thing we did, I think, is trying to educate consumers into what efficiency is. For our types of units, the combined heat and hot water systems, DOE does not really have a good metric for tracking the efficiency of those. So a lot of the AFUE numbers that

we put on appliances are not really reflective of the in-use efficiency.

So we worked with Brookhaven National Laboratory to do more of an in-use testing of the type of equipment that might be installed in a home, ran a lot of boilers to try to figure out what is the best efficiency for a boiler operating in Maine is different than in Virginia or New Hampshire or Vermont. Each of those has its own local climate characteristics.

So we worked with them to do that, put it on our Web site, and then train our technicians so that they can say it may be stamped with an 86 percent efficiency, but it is really like a 55 percent in-use efficiency. You can get up to 78 and 80 percent efficiency by changing out equipment or doing modifications to the equipment, which I think is all part—I mean, part of the challenge of an organization like ours is we do not raise significant amounts of money compared to what Congress appropriates, obviously.

We don't do tax benefits that can encourage customers to buy a particular piece of equipment. We don't do grants. We have none of those abilities to do that, either legally or with our budget. We just can't do it.

So what we have to do is really work through a threefold process of, one, get the equipment available; two, get the technicians and the companies that we work with to see this as better technology that is a good solution for their homeowners; and then work with them and their homeowners to understand that that is an improvement to the technology and will help save them money and efficiency. Without all those 3 working together, none of them are going to work. So that is why it is critical that we do it.

As I said, we do see significant decreases in energy consumption year by year in the heating oil sector, far greater than any deterioration in share or warmer weather in the winter. I think the industry has been working very hard with its customers to lower their energy bills each winter.

Senator SHAHEEN. Recognizing the nature of the industry and the challenges of tracking that data, I think that would be very helpful as we are looking at the benefits that NORA and PERC, for that matter, can provide to have as much data available as possible.

Mr. HUBER. Absolutely.

Senator SHAHEEN. Mr. Chairman, the last thing I wanted to do is just ask. I have a number of letters that have been sent to my office in support of NORA. If we could include those in the record, I would appreciate it.

The CHAIRMAN. We will be glad to include those.

Senator SHAHEEN. Thank you.

The CHAIRMAN. Thank you.

Thank you all for being here. It is useful testimony, and we appreciate it.

That will conclude our hearing.

[Whereupon, at 11 a.m., the hearing was adjourned.]

# APPENDIXES

## APPENDIX I

## Responses to Additional Questions

### RESPONSES OF JOHN HUBER TO QUESTIONS FROM SENATOR SANDERS

*Question 1.* Please respond broadly to the GAO report and discuss NORA's role in research and development, consumer education, and also any steps NORA is taking to respond to the GAO report.

Answer. During its existence, the National Oilheat Research Alliance (NORA) has set the standard for industry-wide cooperative activity with its professionalism, effectiveness and, most importantly, satisfaction from its supporting members. Through its rigorous commitment to activities that benefit all of its members, customers, and the public at large, NORA is able to harness the collective strength of its companies and their resources to share cutting-edge technological advances, the latest in training methods, and promising environmental initiatives throughout the industry.

#### RESEARCH AND ENVIRONMENTAL RESPONSIBILITY

NORA has supported and engaged in a wide variety of research efforts, many of which are tailored to improving the sustainability and efficiency of oilheat. NORA, often working with New York State Energy Research and Development Authority (NYSERDA), has developed many new technologies. In addition, we have been continuously working with NYSERDA on studying the fuel components of oilheat to maximize fuel performance for oilheat consumers. This study includes:

- Fuel Interactions and stability, and the impact on fuel performance;
- Better understanding of what causes fuel to degrade in storage; and
- How heating oil and biofuel work can be safely integrated into existing equipment.

NORA has developed the scientific evidence which has encouraged the industry to use low sulfur fuel. The evidence demonstrates that this fuel is good for the environment, good for energy efficiency, and good for customers. In addition to these major projects, NORA is also working on numerous issues of interest to the industry and its consumers, including a study on improving furnaces and boiler heat exchangers to maximize the heat delivered to the home. Such developments will lower the cost of the appliance and increase its efficiency. NORA also evaluated the efficiency of combined appliances. While these appliances are very efficient at delivering heat and hot water, there has not been an effective way of measuring their efficiency. NORA conducted a wide-ranging and thorough study in conjunction with the New York State Research and Energy Development Authority (NYSERDA). This research was translated into a calculator for service technicians to use in helping consumers evaluate and select the most efficient boiler for their home. NORA believes that the project should be expanded to provide technicians an easy way to evaluate equipment in homes, and compare it to new equipment.

Other research projects include:

- Extensive Work to Develop an Electronic Smoke Tester
- Developed Static Tank Tightness Testing
- Developed a Five-Ton Heat Pak
- Developed a Two-Stage Furnace
- Developed Condensing Furnace Technology
- Developed Smart Controls for Burners

- Developed Condensing Boiler
- Developed Ultra Clean White Flame Burners
- Developed Low Mass Ultra Efficient Water Heater
- Developed Modulating Heating Oil Burners

Current research projects include:

- Next Generation Venting Solutions for High Efficiency Appliances
- Oil Fired Heat Pump with Efficiencies of 140 Percent
- Self-Powering Heating Oil Furnace with Thermophotovoltaics
- Next Generation Heating Oil Blend of Heating Oil and Biodiesel

EDUCATION, TRAINING AND SAFETY

NORA is committed to ensuring that professionals in the oilheat industry have access to the latest innovations in oilheat technology. NORA is making it easy for oilheat professionals to be aware of the most up-to-date methods and practices to help them deliver the most outstanding customer service possible. During the past three years, NORA has:

- Standardized Certification Program: NORA created a standardized certification program for technicians through establishment of the NORA Education Center. There are over 16,000 technicians that participate in this certification program. It is accepted as the training requirement in Vermont and New Hampshire, and New York uses it as its preferred training program. Many insurance companies now use this certification and affiliated training in their risk management programs.
- Oilheat Technician's Manual: NORA has revised a comprehensive technician's manual along with an instructor's guidebook and visual aides.
- NORA Fulfillment Center: NORA has established the Center to afford easy access to NORA products and materials, including professional training video tapes, business education tools, and consumer information aids.
- New Training Information for Service Providers: Through new training information, NORA has responded to a host of consumer issues, including troubleshooting, system tuneup and efficiency procedures, and fuel delivery, and how to deliver fuel to protect the environment.
- Education Center website (www.noraed.org): Through the development of the website, the industry will have instantaneous online access to NORA training materials.
- Career Outreach Programs: NORA supported an initiative by the National Association of Oilheat Service Managers (NAOHSM) to provide career outreach programs to encourage bright, hard-working young people to consider a career in the Oilheat industry.
- Training Videos: NORA developed 16 training videos, which have been distributed to all of the service personnel in the industry. Additionally, these videos are available for download on the NORAed website.
- Oil Storage Best Practices: NORA developed a comprehensive approach to the storage of oil in tanks. This approach included developing a cooperative relationship with insurers and state regulators. As a result of this project, NORA developed a training manual and curriculum, video training, and a certification program. Additionally, NORA developed a recommended procedure for cleaning up releases from heating oil tanks.
- National Energy Conservation Analyst: NORA developed a "National Energy Conservation Analyst" program, which educates heating oil technicians on whole-home energy conservation. Energy Conservation technicians who participate in this program get an understanding of how the house envelope interacts with the heating system, how to evaluate the house, and how to recommend solutions for customers.

In addition, NORA is playing an active role in supporting statewide education and training activities for state and local professionals. The following are samples of some of the activity that has occurred throughout the United States:

Connecticut: With NORA support, the non-profit ITEC Vocational-Technical School delivered 250 presentations to realtors to help them understand how to handle the environmental responsibilities of underground storage tanks. ITEC communicated with 550 of the state's leading construction companies about new, high efficiency oil heating equipment that reduces emissions and saves consumers money. NORA also helped serve the training and licensure needs of over 1,000 people who go through the Independent Connecticut Petroleum Association's (ICPA) Technical Education Center each year, some of whom are being

retrained for new careers the State's professional energy conservation technician trade. ITEC is expanding into training workers to view the home and business as an entire energy unit, expanding their skills to include Building Performance Institute (BPI) energy conservation training. With NORA's leadership in a new program started in 2009, ITEC has also received state approval for the first solar/thermal certification program in Connecticut as the new Oilheat and solar/thermal applications join as a single energy delivery system.

Indiana: Supported extensive seminars and training programs.

Kentucky: Developed an outreach program for oilheat consumers in the state.

Nevada: Helped expand continuing education programs from service technicians to help for energy auditors, home inspectors, and front office and management personnel.

New York: Provided new heating equipment for technical/trade schools. In New York City, high school students are regularly trained and tested for careers as technicians. Long Island established a cooperative agreement with the local community colleges and now has an extensive heating oil education program.

New Jersey: Established month-long Basic Oilheat Technician Education Programs conducted at local county college facilities.

North Carolina: Enhanced published training materials and created new HVAC training programs in 10 in the North Carolina community college system. 50 technicians per year are certified.

Maine: Produced safety manuals in both print and electronic forms. Operates a state of the art training facility in the City of Brunswick provides certification training, and hundreds of continuing education classes throughout the state.

Pennsylvania: Provides a certification program and a full slate of continuing education classes. Each year nearly 500 technicians receive certification.

Vermont: Helped create permanent statewide training facilities including the Vermont Fuel Education Center in Montpelier; the Green Mountain Technology and Career Center in Hyde Park; the Vermont Technical College in Randolph, and the Howard Dean Education Center in Springfield and purchased new oilheat equipment for training purposes. Over 700 technicians are trained annually at these facilities.

Virginia: Provided cross-training opportunities for oilheating technicians to work on joint Oilheat/air conditioning systems.

Washington: Supported scholarships to the Oilheat Service Technology School in Seattle as well as certification and training programs, and continuing education.

The training and certification programs operated by NORA and the qualified state associations have provided employment opportunities for thousands of individuals over the last decade. These dedicated individuals provide safe and comfortable homes for millions of families. They also have jobs that provide a good salary and benefits, which enables them an opportunity to be homeowners and raise families.

PUTTING TECHNOLOGY TO WORK FOR CONSUMERS

NORA is committed to helping its state partners communicate the latest oilheat benefits, technological advancements, and enhanced customer service techniques to existing and potential oilheat customers. NORA is helping consumers understand the industry's ongoing commitment to providing safe, efficient, reliable oilheat services in an environmentally sound and thoughtful manner.

Through a variety of outreach efforts NORA is working to ensure that home inspectors, real estate professionals, and consumers are aware of the improvements in oilheat technology. Among the published materials for use in these consumer education and outreach programs NORA helped produce:

- A Homeowner's Guide that describes the benefits of on-site fuel supply, the cleanliness and efficiency of oilheat systems, and information about storage for real estate purchasers considering homes with existing oilheat systems; and
- An energy efficiency pamphlet that provides consumers helpful suggestions for efficient use of oilheat, helping them save money on heating costs.

NORA also supports the efforts of state associations that emphasize the productive role oilheat plays in local communities. These state associations regularly distribute materials for homeowners on how to use oilheat safely and efficiently. These

extensive consumer education activities provide continuous information to consumers in each of the states—advising customers of how to save energy, how to use Oilheat safely and efficiently, and what types of equipment they should use to improve efficiency.

CONCLUSION

As a result of the services that NORA provides, oilheat consumers, companies, employees, and manufacturers are working together to improve efficiency. Oilheat consumers have greatly benefited from the development of more efficient appliances and the invaluable services that technicians and companies that understand the benefits the equipment. For nearly twenty years the amount of oil consumed per household stayed relatively level. However, in the middle of this decade, with NORA's support, Oilheat customers were able to make strides in energy efficiency that had not been seen since the 1970's. NORA's data has shown a decrease in consumption of nearly 30 percent, which is supported by both dealer information and overall collections to NORA. This dramatic decrease in demand, which would not have occurred without NORA, provides benefits to customers, to the country, and to the environment.

RESPONSE TO CONCERNS RAISED IN THE GOVERNMENT ACCOUNTABILITY OFFICE (GAO) REPORT

In its report, the GAO raised several issues regarding NORA program operation. Below are NORA's responses to these concerns.

*Heating Oil Tank Insurance Program*

GAO characterized the NORA heating oil tank insurance program as being outside of NORA's priority area. However, NORA dedicated substantial funds to working to resolve the issue of homeowner tanks and insurance. In several states, homeowners were having difficulty obtaining coverage for their homes if they had an Oilheat system. NORA believed that leaking tanks, including those that are not maintained properly, presented both a hazard to the environment and to the insurability of homes, and clearly presented safety issues. To that end, the Board dedicated substantial sums to attempt to respond to the problems. We conducted research on tanks and why they fail; worked with state environmental commissioners on appropriate cleanup standards for Oilheat tanks that might leak; and we investigated different methods to determine whether an underground tank might leak. NORA also developed educational materials to better train our technicians on how to install tanks properly, to inspect them periodically, and to understand the warning signs that might indicate a tank is leaking. In conjunction with the homeowner's insurance industry, we also developed consumer brochures to educate consumers on best practices for tank maintenance and warning signs of leaks. NORA does not believe that these activities are outside the scope of the statute, and certainly they are not an overhead or "administrative" expense.

*Consumer Education and Training*

GAO indicated that NORA did not have a strategic plan for consumer education, and training. GAO reached that conclusion based on reviewing the strategic plans that were developed for NORA's research and development program, which did not include consumer education and training. Further, NORA disagrees with the GAO's assertion that its strategic plan(s) statement "lacked goals." These program areas are designed, among other things, to ensure that there are qualified technicians; that homeowners know the attributes of oilheat; and that homeowners are aware of both safety issues and ways to reduce consumption. Section 706 of the National Oilheat Research Alliance Act of 2000 establishes that NORA is to work in these areas and develop programs for each of these areas. NORA developed very successful programs in each of these areas but did not have a Roadmap as was used for our long term research programs.

Additionally, GAO asserts that consumer education was not considered a priority in the legislation, and does a brief review of the Congressional history of the underlying Act. However, GAO neglects to discuss H.R. 3610, which was passed by the House in the 105th Congress and is the predecessor bill to the bill that was enacted into law. Then-Chairman Dan Schaeffer (RCO) of the Energy and Power Subcommittee conducted a hearing in the spring of 1998, and there was extensive discussion of consumer education by the industry and by competing fuels. Subsequent to that hearing, a discussion with utility representatives was conducted and a better definition of consumer education, as well as limits on consumer education, was incorporated into the final statute. It is clear from the existing statute and its discussion of consumer education, that it was a priority and was well considered. The in-

dustry handouts to Congress anticipated that the program would have revenues of $22 million per year. A report generated by DOE, "Oilheat Research Agenda, A Ten Year Blueprint for Residential Oilheat Research and Development in the Twenty-First Century", May 1997 (BNL-52529) anticipated yearly research and development expenditures of $2.5 million from both DOE and NORA. At the time DOE was expending $500,000. Thus, the industry anticipated spending less than 10 percent of the total budget on research and development.

*Transparency and Accountability*

GAO asserts that there is no quantitative data to evaluate NORA's activities despite NORA providing detailed information on education and training. NORA's certification program is utilized by the states of Vermont and New Hampshire. Additionally the New York State Energy and Research and Development Authority (NYSERDA) in its contracts for training references NORA's certification and training program, and Underwriters Laboratory (UL) uses it as part of its installation guidelines for tanks. Also, several insurance companies that write policies to Oilheat companies cite the NORA training and certification program and require that it be used by policy holders as part of their risk management programs.

GAO used a government database that reflected a small number of safety incidents in its comments on education and training. NORA and several contractors carefully reviewed the database that GAO used to identify the number of incidents from Oilheat and found that the database produced by the Consumer Product Safety Commission (CPSC) was generated from hospital information and did not provide detailed information on the incidents. Most of the incidents recorded were related to so-called "puff backs", which allegedly resulted in carbon monoxide problems. NORA provided GAO a detailed memorandum on this issue, which found that all of the incidents originated in one hospital in New York, which may indicate that the data was not being gathered uniformly or accurately, and that the "puff backs", which is analogous to a backfire in a car, happened in the furnace or chimney. The exhaust gases would continue to be discharged through the chimney, and thus carbon monoxide poisoning is not likely to be related to this accident. Finally, two of the incidents referenced in the report are from 2008 and were related to one homeowner rubbing oil in his eyes, and another stumbling over the heating unit while intoxicated. NORA could find no relationship between its training and these events, and CPSC advised us that these studies are not designed to evaluate training, and are not supplemented with forensic information which would substantiate data and provide useful information for trainers.

GAO also states that "NORA officials said that NORA has not conducted any studies to ascertain whether its efforts have increased public awareness of Oilheat." I discussed consumer education with the GAO on more than one occasion during the audit process and explained the limitations of consumer research and its abilities to provide meaningful information. I further indicated that in recent years, NORA had not undertaken in-depth surveys on public awareness and that in the final years of NORA's authorization, it was difficult to support spending substantial sums of funding on consumer research, and the Board did not believe such expenditures were justified.

In the exit conference on April 6, 2010, the GAO expressed a preference for precise correlative data concerning NORA's message and how it changed consumer behavior or attitudes. After completing many studies, however, it became apparent to the NORA Board that such correlative data is imprecise and is particularly difficult to obtain with a high profile product and when many of the attributes of the product (e.g. price) change rapidly. GAO also indicated that they were looking for data showing that consumers wanted to use more "Oilheat". However, that has never been the goal of the organization, rather we have been working to reduce consumption and improve efficiency.

*Lobbying Activities and Expenditures*

First, GAO described legislative (or lobbying) activities by independent state associations. These state associations are independent corporations and fund their government relations advocacy with the private dues of their members and not NORA funds. The discussion of these state associations and their activities is thus unrelated to NORA's compliance with the law.

Second, GAO states that the "NORA president said that he was going to try to get state senators to support NORA reauthorization." Regarding this alleged lobbying activity, I was briefing the Executive Committee of NORA. At the conclusion of the meeting, I highlighted the steps that were being taken to have NORA's enabling legislation reauthorized. The Executive Committee in planning NORA's oper-

ations clearly needed to be advised of the legislation affecting the program, whether they could enter into long term contracts, and whether funds would be available.

Third, GAO states that "In his interview and follow-up discussion with the GAO on October 13, 2009, the President of the Massachusetts Oilheat Council (MOC), Michael Ferrante, stated that John Huber attended the meeting with Ron Carlton of Senator Kennedy's office because in his conversation with Mr. Carlton." Mr. Carlton had a number of questions regarding NORA's expenditures and budgeting and the MOC agreed that I should attend the meeting. Responding to Congressional inquiries does not constitute "influencing legislation or elections." Further, my attendance at the meeting did not utilize any funds collected by NORA and my time was compensated by a third party.

Fourth, GAO discussed a newsletter reporting on Congressional activities. As you know, the volatility in heating oil prices has been a problem for customers and companies. Independent of NORA, the heating oil retailers initiated an effort to advocate for greater regulation of energy derivatives, which impact heating oil prices. The New York City association, in its customer newsletter, included an article indicating that Oilheat retailers were working in this area, and Congress was also attempting to pass legislation. There was no call to action or ways to contact Congress. It should be further noted that the newsletter mostly focused on how to reduce oil consumption, and due to GAO's continuing focus on this issue, the New York City Association as a precaution repaid the funds that were used for this article.

Lastly, GAO asserts that the Chairman of NORA asked the Petroleum Marketers Association of America (PMAA) to lobby on NORA's behalf. The reference is to Chairman Robert Boltz who operates a small heating oil company in Pennsylvania. Mr. Boltz also served on PMAA's Executive Committee. Mr. Boltz indicated that NORA did not do lobbying, and instead PMAA did the lobbying for the industry. Mr. Boltz was explaining the different roles of the two groups to GAO to clarify that funds provided to NORA were not used for legislative activities.

*Department of Energy Outreach and Coordination*

GAO raised a concern that the proposed budget should have been submitted to the Office of Fossil Energy and the Office of Energy Efficiency and Renewable Energy within the Department of Energy (DOE). NORA explained to the GAO that the budget was submitted to DOE's Office of Policy and International Affairs. In earlier years, the budget was submitted to the Secretary, without a sub-office, and comments were never received. In the early 2000's, NORA and the Office of Policy completed several projects together, and thus it seemed appropriate to send the budget to those offices. GAO's desire to have the budget sent to other offices is not required by the statute. Further, in my twenty years of working with DOE, those offices have had limited interest in the oilheating industry, whereas the Policy Office has had an ongoing and active interest in the industry.

*NORA Board Response to the GAO Report*

At its most recent meeting, the NORA Board took two steps to respond to concerns raised in the GAO Report. First, as GAO requested, we have instituted a back-end certification of legal compliance for grantees to ensure compliance. Second, GAO expressed concern about lack of accounting records by state grantees. While we disagree with that analysis, we have instituted a new accounting procedure that has NORA paying all expenses for contractors directly. Thus, any concerns with commingled funds or improper accounting by grantees will no longer be an issue. Third, we have recaptured the fee for the newsletter prepared by the New York Oilheating Association that described Congress' efforts to regulate the commodity markets. Additionally, we will take appropriate administrative actions to resolve any written correspondence regarding the Board and where the budget should be sent.

*Question 2.* What is the potential to reduce greenhouse gas emissions from oilheat using advanced biofuel blends? What effect would moving to a biofuel blend have on safety and cost?

Answer. The potential for switching from Oilheat to an advanced biofuel is unlimited. According to a report issued by the Northeast States for Coordinated Air Use Management, which examined the full lifecycle of different fuels, today's soy biodiesel has a carbon intensity of 35.1 and ultra low sulfur heating oil has a carbon intensity of 93. Thus, for every gallon of biofuel used will displace two-thirds of a gallon of petroleum based oil, and every percentage of biofuel used is equivalent to converting 1000 homes in Vermont to alternative fuels. This can be done with no capital cost or disruption to customers.

Additionally, crops such as algae and wood will move into production, and we believe that that will lead to significant improvements. Additionally, we have worked with a company that can turn waste cellulosic material into a heating oil additive. Their process can essentially yield a negative greenhouse gas score due to the avoided emissions associated with material decomposing.

However, NORA is very concerned with the safety implications of a switch to biofuel. Firstgeneration biofuels are less toxic than heating oil, and their air emissions would be superior. However, our main concern is to ensure that the fuel operates reliably to avoid household damage, or no-heat calls. NORA conducted an exhaustive study on low-percentage blends, and the regulatory authorities have indicated that a blend of 5 percent is equivalent to the existing fuel. We are currently working to identify a higher blend without affecting safety. We are testing at a variety of blend levels, and it is our expectation that the point of equivalence for existing fuels will be 15-20 percent. A movement to this level would be equivalent to switching nearly 20,000 households to an alternative fuel with no capital cost. The industry is now working on new equipment that can burn 100 percent biofuels. The conversion is fairly inexpensive for new equipment, probably in the $15-25 range, while a retrofit would be in the $300-500 range. The cost of various biofuels has ranged widely, and the lack of a tax credit affects its cost to consumers. NORA does not track pricing differentials; however, information we received in May at the end of the heating season indicated that the price differential was approximately one cent per percentage. As the market develops, we hope that this differential falls.

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RESPONSE OF ROY W. WILLIS TO QUESTION FROM SENATOR SANDERS

*Question 1.* Please respond broadly to the GAO report, and any steps PERC is taking to respond to the report.

Answer. Thank you for the opportunity to respond broadly to the Government Accountability Office review and discuss the Council's actions in response to it.

As CEO, I have a responsibility to provide forward-looking leadership that enables PERC to deploy the resources available to it to benefit consumers, the industry that pays the assessment, and the public at large. The GAO review presented an opportunity, as well as a necessity, to reflect on the work of the Propane Education and Research Council over its first decade of operations. That reflection has helped the Council and me plan for the future.

Generally speaking, a GAO review is one of many tools that can aid congressional oversight. In this instance, the GAO recommendation for ongoing oversight by the Department of Energy—a recommendation that GAO first made in 2003—was not explored in the report or at the subcommittee hearing. The department neither responded to the GAO's recommendation nor was present as a witness at the hearing. It does not appear that DOE wants the job of overseeing the Council's programs. The Council has no objection to agency oversight, a structure that appears to work adequately for the federal commodity programs in agriculture. As it has from the outset, the Council is working with DOE and other agencies on several projects. The Council also has modeled key programs on similar DOE programs, particularly for research, development, and deployment of clean, efficient technologies.

I urge great caution in relying on the GAO report to reach a definitive conclusion about the Council's activities. The report spent considerable space musing on whether some Council expenditures could be considered lobbying—a point that the Committee's press releases focused on before and after the hearing. In reality, this discussion is nothing more than innuendo. GAO acknowledged that it could not and did not make the determination that the expenditures it highlighted were lobbying in fact or in law. It struck me as incongruent with an objective review of the Council's first decade of operations that so much of the GAO report (and the Committee's public discussion of it) would focus on expenditures that, in total, represent less than one-tenth of 1 percent of Council expenditures over the 10-year period covered by the report. I reiterate my statement in the record that PERC does not lobby and never has lobbied, nor has the Council ever supported any candidate in any election, either directly or indirectly; and nothing in the GAO report refutes that statement.

This is not a trivial matter, and we do not take it lightly. Even though in aggregate these questioned activities represent a tiny portion of total Council expenditures, they clearly distract from the important work that PERC is doing. So this is what we've done: 1) we terminated the programs highlighted by GAO, and 2) we no longer sponsor or participate in any way in the propane industry's annual Washington, D.C., meetings—not because these program are unlawful, but because we want to avoid even the appearance of impropriety. Still, it is important that PERC

correspond with Congress concerning the results of its activities, and we welcome clarification and guidance on how best to do so.

Since the GAO review, the Council has moved forward on the strategic plan it adopted in December 2007. That plan is firmly grounded in the Propane Act and is primarily focused on the statutory mandate to support "research and development of clean and efficient propane utilization equipment." Earlier this month (October 2010), the Council approved budget recommendations for 2011 in which 55 percent of program funding is dedicated to research. Training and safety initiatives receive the most funding after research. As I noted in my written statement, the GAO report significantly underreports the investment in research that the Council has generated through direct and matching funds. Nearly $200 million was committed to PERC-sponsored research projects during the period reviewed by GAO.

The Council believes that the most beneficial outcome from "research and development of clean and efficient propane utilization equipment" is a commercial product that consumers can use to improve energy efficiency and reduce environmental impact compared with other fuel choices. For the propane checkoff, this research strategy means using assessment funds to create an incentive for manufacturers and research institutions (public and private) to collaborate on building new appliances, equipment, and vehicles that can find a place in the market and meet essential consumer energy needs. The propane industry itself is not a direct economic beneficiary of these products, since its members are not manufacturers and rarely merchants of the products. At best, propane retailers can hope to compete for the fuel load that these products create. For that to happen, the manufacturer must commercialize the product and support it through sales and marketing; otherwise, the investment of research funds is nonproductive. Thus, the Council has approached its research initiatives with a commercialization perspective.

To optimize oversight of its expanding research portfolio, the Council hired Dr. Steve Wayne from the University of Memphis, a talented engineer and educator who previously served as CEO of a technology development firm, to lead our research efforts. He immediately began work on two vital objectives: 1) to unify our three research programs, and 2) to establish a state-of-the-art project management system. The Council has adopted and customized the Stage-Gate project management system, which DOE uses for its Industrial Technology Program. All Council projects are managed within that process. We now have $74 million invested in 157 projects for research, training, and safety. We are moving forward with important work.

The GAO report also led the Council to make a number of ministerial changes. For instance, the Council recast its budget to clarify the research work being done in the agricultural and engine fuel arenas. I have also established a senior management task force to review the Department of Agriculture's guidelines for agriculture checkoff programs and make recommendations on appropriate provisions that the Council can voluntarily adopt to improve its operations.

Senator Sanders, for the past 12 years, the Propane Education and Research Council has diligently pursued a multidisciplinary program of consumer and employee safety, workforce and end-user training, research and development of clean and efficient propane utilization equipment, and public education on safety and other issues related to the use of propane, including energy efficiency, emissions reduction, and alternatives for transportation, agriculture, and distributed generation. It is highly unlikely that this work will be done absent the checkoff framework that the Propane Education and Research Act provides.

Thank you again for your interest.

RESPONSE OF MARK GAFFIGAN TO QUESTION FROM SENATOR BINGAMAN

*Question 1.* During the hearing, you referenced a home heating oil customer's bill, which showed an itemized charge for a "NORA tax". Could you please submit a copy of that bill for the record?

Answer.

D

Morgan Oil Corporation
P.O. Box 100
Marshall, VA 20116
(540) 364-1591
*We are your warmest friends in winter and your coolest friends in summer.*

INVOICE 1/16/09
Account # 792
Phone # 540-364-3436

[redacted]
MARKHAM, VA. 22643

HAVE A HAPPY 2009!!

Delivery address: [redacted]
PLEASE Visit Us on the WEB @ www.morganoilcorp.com. Our E-mail (Do not use for emergencies) is morganoilcorp@hotmail.com

| DATE | PRODUCT | SERVICE TICKET# | QUANTITY | PRICE PER UNIT | SALES TAX | TOTAL |
|---|---|---|---|---|---|---|
| 1/15/09 | Previous Balance | | | | | 0.00 |
| 1/16/09 | DYED LO SULFUR | 312692 | 164.80 | 2.3480 | 0.00 | 386.96 |
| 1/16/09 | NORA TAX | 312692 | 164.80 | 0.0020 | 0.00 | 0.32 |
| 1/16/09 | Balance Due (if paid by 1/26/09 take a discount of $7.75 ) | | | | | 387.28 |

| Product | Gallons | Federal | State |
|---|---|---|---|
| DYED LO SULFUR | 164.80 | 0.00 | 0.00 |

| Current | > 30 | > 60 | > 90 |
|---|---|---|---|
| 387.28 | 0.00 | 0.00 | 0.00 |

TERMS: Payable in full within 10 days from delivery/service date. A late charge will be applied to balance after 30 days.

*Please remit this portion*

[redacted]
MARKHAM, VA. 22643
540-364-3436
Delivery address: [redacted]

PdBy ____ Check ____ MC ____ Visa
Use for all charges ___(Initial)
Credit Card Acct Number Expires
Signature

Account # 792
Date 1/16/09
Please mail payment to:

Morgan Oil Corporation
P.O. Box 100
Marshall, VA 20116

Balance due: 387.28
Amount paid: _____

# APPENDIX II

## Additional Material Submitted for the Record

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[Due to the large amount of materials received, only a representative sample of statements follow. Additional statements have been retained in subcommittee files.]

### STATEMENT OF DAVID C. EISLER ON BEHALF OF MALOOF CONSULTANTS, INC., MEDINA, OH

My name is David C. Eisler, on behalf of Maloof Consultants, Inc. I am an Attorney licensed in Ohio, and have practiced in the areas of real estate and energy law. This testimony responds to the testimony of Roy Willis, CEO of the Propane Education and Research Council (PERC) The statute creating PERC defines its purpose as follows:

> "The Council shall develop programs and projects and enter into contracts or agreements for implementing this chapter, including programs to enhance consumer and employee safety and training, to provide for research and development of clean and efficient propane utilization equipment, to inform and educate the public about safety and other issues associated with the use of propane. . ." 15 U.S.C. Sec. 6404(f).

The GAO notes that greater oversight is necessary in light of PERC's possible lobbying activities outside of its authority, and the marked imbalance between funds devoted to advocacy and funds devoted to research, then makes certain recommendations concerning amendments to address a sharper definition of its authority and a more active oversight mechanism. Mr. Willis responds that PERC has been a responsible steward of the funds collected pursuant to the statute's authority, and has demonstrated transparency in its financial reporting, and thus the statute requires no reform or amendment. I agree that amendment to the statute is needed, but proposes that this committee go further to specifically address the issue of American energy independence, cost-efficiency and propane safety as it relates to human health arising from the differences between HD5 propane and so-called "commercial grade" propane. The first, HD5 propane, derived from natural gas processing, the American Society for Testing and Materials defines by specific chemical formula requiring no less than 90% chemical propane, and the other, "commercial grade" propane, derived from oil refining, is required only to hold a flame, ASTM Standard 1835. The statute is silent as to this critical issue, despite, as The GAO report notes, propane is "a byproduct of both crude oil refining and natural gas processing with approximately equal amounts of total propane produced from each process." GAO-10-583 "Propane and Heating Oil" at 3. The difference in these products, their value, their performance, and their safety as relates to human health, must be addressed and must be addressed soon, especially as new supplies of propane are quickly coming on stream.

Propane is a naturally occurring substance with a chemical formula of C3H8, which is isolated from natural gas during the gas fractionation processing. "HD5 Propane" is a gas available for use as a motor and heating fuel, which, pursuant to the nationally recognized ASTM Standard 1835 consists of not less than 90% chemical propane, no more than 2.5% butane and no more than 5% propylene. This substance is transported on various federally regulated pipelines, most of which are owned by Enterprise Products, LLP, which only accept HD5 propane for transportation, because, as a fungible, anyone who ships on the lines can rely on its makeup. Historically, propylene has not been present in the natural gas fractionation process, but in the event it is found, has been separated and marketed as plastics feedstock. "Commercial Propane" and "Commercial Grade Propane" are names for a gaseous mixture that is stored under pressure as a liquid and is used as home heating and cooking fuel. Pursuant to ASTM Standard 1835, it consists of any mixture of gases

that is capable of holding a flame when in a gaseous state. This mixture of gases varies dramatically each time it is produced as a byproduct of oil refining and can still be called "commercial grade" propane because it needs only to hold a flame. The contrast between the efficiencies of HD5 as a true fungible, providing consistent fuel and BTU value with each gallon, and "commercial grade" propane, the fuel and BTU value of which is entirely unpredictable can only be estimated. Because the promotion of rational economic and energy planning is clearly within the mandate of PERC, the difference between HD5 propane and "commercial grade" propane goes to the heart of its mandate. The actual cost of HD5 propane per BTU can be measured predictably and consistently, which will provide for meaningful and progressive economic and energy planning. The actual cost of "commercial grade" propane, measured by the cost per BTU, can never be accurately measured, only broadly estimated, which frustrates economic and energy planning. Unless PERC recognizes and addresses the distinction between HD5 propane and "commercial grade" propane, progress in economic and energy planning for propane as a fuel will be wholly frustrated. Add to these economic considerations the human health and safety considerations, and the urgency of the distinction between HD5 propane and "commercial grade" propane is clear. Congressional amendment to the authorizing act will be required to address these vital issues.

The National Propane Gas Association (NPGA), one of the industry organizations that formed PERC upon its authorization in 1996, and takes part in choosing the PERC Council membership, has promulgated a Material Safety Data Sheet that identifies "Commercial Grade" propane, the mixture of gases that holds a flame when in the gaseous state, with chemical propane, C3H8, a food-grade ingredient that may be used for aerosol propellants, by reference to FDA regulations describing chemical propane, when "Commercial Grade" propane contains benzene, toluene, butadiene (Agent Orange), ethylbenzene and xylene, all of which have been identified as dangerous carcinogens. In so doing, they have identified the gaseous mixture containing known carcinogens as a non-toxic food-grade substance, safe to use for home heat, where these carcinogens are aspirated, or for home cooking and grilling, where these carcinogens are deposited on food and ingested. For the very reason that "Commercial Grade" propane contains these known carcinogens, other industrialized nations forbid its use for home heat and cooking. It is no mistake therefore that the material promulgated by PERC has made no distinction between HD5 propane and "commercial grade" propane.

This is the very issue that PERC can and must address, both in the producer and the end-user arenas: how the byproduct of oil refining is to be transported and processed so that it yields HD5 propane, while consumers are educated as to the difference between the two propane grades until the supply is readjusted. The supply of HD5 is limited only by the willingness of the industry to make the effort to transport and process oil refinery byproduct. Since HD5 lasts up to 50% longer than "commercial grade" propane, and generally 30% longer, its value cannot be reasonably questioned. Since HD5 propane has a fixed formula, and the processing method used to produce it excludes the carcinogens present in "commercial grade" propane, its health and safety benefits can in like manner be unquestioned.

The NPGA represents suppliers and transporters of propane as well as retailers and dealers. It is in the interests of all of these parties to suppress the distinction between HD5 propane and "commercial grade" propane, to frustrate reform of the industry. Reform would benefit the United States economically, benefit our energy independence and the health and safety of our citizens. Reform would also require of the oil refineries considerable effort: to either transport the byproduct containing propane to Texas for processing and separation in its unique salt dome caverns, or to establish gas processing plants in the northern tier. So long as "commercial grade" propane, with all its inefficiencies, hidden costs and dangers to human health and safety, can be sold on par with HD5 propane, the oil refineries and the retailers that sell their product have every reason to maintain the status quo, despite its cost to American energy independence and the American public.

As it stands, the propane market is dominated by a very few players that, having suppressed the distinction between HD5 propane and "commercial grade" propane, have developed ways to profit from the very distinction they have kept from the public. HD5 propane is transported by pipeline, with origins in Mt. Belvieu Texas and Arcadia, Louisiana. "Commercial grade" propane is transported by truck from the oil refineries that market it to the various national retailers. Because the pipeline transportation of HD5 propane is substantially controlled by a single entity, the scarcity of HD5 can be controlled at will. The same entity that controls the pipeline transportation of HD5 propane also controls the maritime terminals, from which HD5 propane is shipped abroad at a high loading premium, which is controlled by the very entity that controls the pipeline. The scarcity of HD5 propane domestically

justifies the sale of "commercial grade" propane to customers on a par with HD5, despite the dramatically lesser cost of "commercial grade" to the marketer, its demonstrable inferiority as a fuel, and as a hazard to human health. It is clear that PERC is fully authorized to conduct research to address this issue, to advise the public as to this issue and coordinate efforts to reform the industry to the benefit of the participants as well as the public. It is equally clear that PERC has no motivation whatsoever to do so with its present makeup, the lack of a clear mission and the lack of Congressional oversight, as noted by the GAO. It is equally clear that the interests presently represented by PERC, those of the producers, transporters, and their marketers, have every motivation to continue to suppress the distinction between HD5 propane and "commercial grade" propane.

The lengths to which these players, represented by the NPGA, will go to suppress the distinction between HD5 propane and "commercial grade" propane are dismaying but not surprising. One small marketer has made the superiority of HD5 propane the cornerstone of its brand, and the NPGA has complained to the Ohio Attorney General and the FTC claiming that the marketer had engaged in false advertising. When that small marketer brought suit against the NPGA, a suit that is ongoing, efforts were made to cut off its supply of HD5 by means of manipulation of the pipeline's "minimum inventory" rule, which the marketer had already challenged in a tariff protest before the Federal Energy Regulatory Commission, see Enterprise T. E. Products Co. Tariff 19, FERC Docket 10-203. The intent of this attempt to cut off supply was to silence the marketer, and silence the challenge to the status quo the marketer created. This small marketer is ready with a tariff complaint, which it will file in the event that it is again thrown off the pipeline as a shipper.

This small shipper has not been the first to advocate the superiority of HD5 propane and to market based on the distinction between HD5 propane and "commercial grade" propane. Beginning in 1999, a much larger propane retailer, then the eighth largest by gallons, began to vigorously market its product based on the distinction between HD5 propane and "commercial grade" propane. Within two years of its advocacy of HD5 propane, third parties initiated plans for its dismemberment, plans that are preserved in emails that have been conclusively authenticated leading computer forensic examiners. Among the devices used to take down Level Propane was the theft of millions of dollars in customer checks in the months leading up to its involuntary bankruptcy in June, 2002, and judge shopping on the day the involuntary bankruptcy petitions were filed to assure that the right bankruptcy judge, Judge Baxter, in Cleveland, Ohio, presided over the case. An extrinsic objection to the email evidence in which it was planned that Judge Baxter preside over the bankruptcy proceedings was that the judge draw was random, so the assignment of a particular judge, even though part of a plan to take over Level Propane, could not be assured. This objection was tested by reviewing that day's docket to ascertain whether the random draw procedure was frustrated in order to "judge shop." Conceivable only in light of the email narrative, in which Judge Baxter is mentioned as a participant in the scheme, the docket review demonstrates that judge shopping occurred, right at the clerk's window.

The Level Propane involuntary petitions were filed on June 6, 2002 in the Northern Ohio Bankruptcy Court. The Public Access to Court Electronic Records (PACER) docket shows 84 new cases filed that day, bearing case numbers 02-16105 through 02-16189. The Level Propane Gases, Inc. petitions received the case numbers 02-16172 through 02-16178. At the time all bankruptcy petitions were filed on paper, in person, with the Clerk of the Bankruptcy Court. The judges were assigned using an automated random number generator. The Local Rules were silent as to the order in which the judge was chosen, the case number stamped on the paper petition and the paper petition time-stamped. When these petitions were filed, June, 2002, two (2) judges sat in the Cleveland Office of the Northern District, Judge Morgenstern-Clarren and Judge Baxter. A third seat, vacant since June, 2000, would not be filled until October, 2002.

Immediately before the Level Propane petitions were filed, Attorney Jonathan Krainess filed four separate petitions: 02-16167, 02-16169, 02-16170 and 02-16171 all but one of which, 02-16170, drew Judge Morgenstern-Clarren. Case No. 02-16170 drew Judge Baxter. Another petition, 02-16168, filed by Attorney Barbara Brown-Daniels, drew Judge Morgenstern-Clarren. Immediately after the last of the Level Propane petitions, 02-16178, Jonathon Krainess filed 02-16179, which drew Judge Morgenstern-Clarren. The filing fee receipt for the case filed by Ms. Brown-Daniels bore the number 104989.The single filing fee receipt for the Level Propane cases bore the number 104990, the filing fee receipt for all five of the cases filed by Mr. Krainess bore the number 104991.

Attorney Krainess was in front of those filing the Level Propane Bankruptcy. He allowed Attorney Brown-Daniels to file her single case, leaving those filing the Level Propane cases immediately behind him. He drew Judge Morgenstern-Clarren for 02-16171. He then allowed the Level Propane cases in front of him, which drew Judge Baxter. Mr. Krainess then filed 02-16179, which drew Judge Morgenstern-Clarren. Chance is severely reduced when there are two judges on the draw, as there were on June 6, 2002. Chance is eliminated altogether when those filing at the counter see the judge chosen. Mr. Krainess permitted his filing of no less than five cases to be interrupted by the filing of eight (8) involuntary corporate petitions. The facts of the docket speak loudly that those filing the Level Propane cases knew they needed to file their cases in front of Mr. Krainess' last petition to get Judge Baxter. With the facts in this state there can be no doubt that Judge Baxter was chosen specifically by those filing the Level Propane petition as the judge to preside over these cases. As he presided over this case, initiated as an Involuntary Chapter 7 liquidation brought by creditors, but converted the following week into a voluntary Chapter 11 Reorganization, the going-concern assets were sold within a year to a national competitor, and its sole owner saddled with a $90MM debt as co-signer that he can never hope to discharge, thereby precluding his re-entry into the propane industry. I recently conducted an informal internet search of "judge shopping and federal courts" and found no instance of comparable to the Level case. That petitioning parties would go to such length to shop for the right judge to advance their goals, key among them the suppression of the distinction between HD5 propane and "commercial grade" propane, speaks loudly to the importance of the distinction between HD5 propane and "commercial grade" propane to the oil refining and pipeline industry. It is worth noting that Judge Baxter has recently announced his retirement, years prior to the end of his term as Bankruptcy Judge.

In context these lengths make sense: the NPGA, who begged Level to join as a member, hailing it as an innovator, in December, 2000, expelled Level weeks later, on the pretext of consumer billing disputes, retaining the $40,000 in dues Level Propane paid, knowing that the disputes would be publicized as they solicited Level Propane's membership in December, 2000. One of its leading members, Amerigas, took control of Level's going-concern assets within 8 weeks of their sale out of the Bankruptcy Estate to Horizon Propane, owned by the late Dick Jacobs, which had acted as "manager" of the Debtor during the brief time it operated under Bankruptcy Court jurisdiction, only to purchase the going concern at a fraction of even its hard-asset value.

As the preceding narratives demonstrate, it is of exceeding importance to the NPGA, one of the two trade associations mandated to establish and select members of the PERC Council, that debate over HD5 propane and "commercial grade" propane be suppressed. It is in the national interest that this debate be had and concluded in order to strengthen our energy independence, create greater efficiencies in the propane supply by assuring the quality of the supply and to protect the health of the millions of propane purchasers who use it for home heat and for cooking, including the 50 million households that use exchange bottles to fuel their grills at home, with fuel that deposits known carcinogens and Agent Orange directly onto their grilled meals. I further note that propane is the only home-heating ad cooking fuel available for many rural and semi-rural households, many of whom are among our most disadvantaged households, where heating oil is unavailable and the infrastructure cost cannot justify natural gas service. Providing these households with costly, inefficient and hazardous heating fuel when cost-effective and safe heating fuel is readily available is surely an issue that PERC can and should address. It will take this Committee to initiate overhaul of the authorizing act to make PERC answerable to these grave and real issues and to provide the sort of oversight necessary to assure that this responsibility, funded by a statutory check-off, and undertaken by an agent of the United States, is appropriately and fully discharged.

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VERMONT FUEL DEALERS ASSOCIATION,
*Montpelier, VT.*

Hon. JEFF BINGAMAN,
*Chairman, Committee on Energy & Natural Resources, 304 Dirksen Senate Office Building, Washington, DC.*

DEAR MR. CHAIRMAN: The Vermont Fuel Dealers Association represents nearly 300 small businesses that provide heat and hot water to 3 out of every 4 homes in the state of Vermont. This letter is intended to provide a statement for the record on the subcommittee hearing to receive testimony on the National Oilheat Research Alliance (NORA) program on September 29, 2010.

This report was requested by your office and makes a number of suggestions on ways to strengthen the oversight and operation of the NORA program. Most of these suggestions are good, and we believe that many or most of them have already been addressed voluntarily by NORA and its participating states, or can be effectively addressed in a reauthorization bill. However, the GAO report did not describe the important successes that NORA has accomplished in many of the states, and how important it is to the industry and its customers.

Activities funded by NORA have benefited Vermonters through increases in energy efficiency, energy conservation, and operational safety. This has included long-term studies of mechanical features, tank maintenance and installation, and new technologies. NORA has educated thousands of qualified home energy specialists and technicians and provided for their continued education into safety practices, conservation, and new home efficiency technologies and alternatives such a Bioheat. The NORA Silver Course is required for all heating technicians in Vermont.

NORA also has an extensive track record in the research, development and deployment of cutting-edge home heating equipment. NORA has developed highly efficient boilers and furnaces. Before NORA, the top efficiency for oilheating equipment was 86. Today, consumers can purchase a furnace with 95 percent efficiency and a boiler with a rating of 93. These are very substantial gains, which are helping consumers heat their homes more efficiently at a lower cost, something that is critical to consumers facing eversteeper energy prices. NORA is also working to bring a "cleaner and greener" product to market, as well as technical programs on energy auditing of oilheat homes and the integration of solar into existing systems.

Each year, the NORA program provides our state with approximately $150,000 for these purposes. And again, these funds are provided at zero cost to the federal government. The program is funded by a small fraction (one-fifth of a cent) of the wholesale price of a gallon of heating oil. The program was given a 4-year "sunset" and was renewed with overwhelming and bipartisan support of Congress in 2005. However, the program has again expired and collections were suspended on February 6, 2010.

But in order for NORA to continue its great work serving businesses and consumers in our state, and help our nation towards a secure energy future, it must first be reauthorized. We are hopeful that you will afford the program at least a brief extension (until February, 2012) as soon as a viable vehicle presents itself, and that you will support a broader, longer-term reauthorization that not only renews the program, but also implements modifications as per the GAO report and embraces the cleaner and greener future that the oilheat industry sees and wants for itself.

Thank you for your consideration.

Sincerely,

MATT COTA,
*Executive Director.*

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OILHEAT MANUFACTURERS ASSOCIATION,
*Pawlet, VT, September 23, 2010.*

Hon. JEFF BINGAMAN,
*Chairman, Senate Energy and Natural Resources Committee, U.S. Senate, Washington, DC.*

DEAR MR. CHAIRMAN: I am the Executive Director of The Oilheat Manufacturers Association. It is a not for profit corporation established in 1993. It was created by concerned manufacturing firms that supply the core equipment to the Oilheat Industry with the specific intent to promote the growth and well being of the Oilheat Industry by providing technical, education, and related marketing support. OMA's members range from boiler, furnace, fuel additive, and burner manufacturers to makers of heating system components, controls, and testing equipment for the Oilheat Industry in North America. OMA works to: develop and provide technical product information to the industry; develop and encourage the use of industry standards to insure reliable quality products and services; as well as promote and maintain public awareness of the benefits of these products and services to society.

Our Association has worked very closely with The National Oilheat Research Alliance since its inception. NORA has been critical to our member companies, and is essential to our efforts to serve our customers. NORA has helped us with the research needed to develop many of the high efficiency appliances for oilheating customers. Without their efforts, we would not have been able to bring these appliances that qualified for the federal high efficiency tax credit to the market. NORA has also helped the industry develop solutions to environmental problems that are associated

with storing oil. Finally, NORA has helped lead the industry to a cleaner and greener fuel, one with low sulfur, and one with a renewable component, bioheat. We look forward to working with NORA to develop even more efficient boilers and furnaces that will be able to fully exploit the benefits of this new heating fuel.

NORA has helped our customers' employees understand these advances. Without the training NORA has done, we would have a very difficult time selling our new high tech products to the industry. NORA has taught our customer's technicians to embrace new technology and to understand how to install and service it properly so it operates at maximum safety, efficiency, and reliability. Further, NORA has developed a cost effective and efficient method of communicating to our customers what they can do to save energy, and how they can use Oilheat safely and efficiently.

It is very important that NORA be reauthorized as soon as possible, otherwise we will not advance, and these gains will be lost. I hope that you will be able to make the improvements to the bill so that this important program can be reestablished.

Sincerely,

ROBERT G. HEDDEN,
*Executive Director.*

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OILHEAT INSTITUTE OF RHODE ISLAND,
*Warwick, RI, September 27, 2010.*

Hon. JEFF BINGAMAN,
*Chairman, Committee on Energy & Natural Resources, 304 Dirksen Senate Office Building, Washington, DC.*

DEAR MR. CHAIRMAN: Our association wishes to submit this statement for the record on the subcommittee hearing to receive testimony on the National Oilheat Research Alliance program to be conducted on September 29, 2010.

This report was requested by your office and makes a number of suggestions on ways to strengthen the oversight and operation of the NORA program. Most of these suggestions are good, and we believe that many or most of them have already been addressed voluntarily by NORA and its participating states, or can be effectively addressed in a reauthorization bill. However, the GAO report did not describe the important successes that NORA has accomplished in many of the states, and how important it is to the industry and its customers.

The Oil Heat Institute is a member-driven oil/bio-fuel, trade association with sixty-five member companies. More than 165,000 homes (408,000 citizens) in Rhode Island heat with oil, with a total revenue of nearly $356 million and $41 million in payroll.

The NORA program has provided our state with about $300,000 a year, which we have primarily used for the purposes of consumer education and technical education.

*NORA Benefits Nationally*

The expiration of the program has terminated the many activities funded through the assessment have benefited consumers through increases in energy efficiency, energy conservation, and operational safety. This has included long-term studies of mechanical features, tank maintenance and installation, and new technologies. NORA has educated thousands of qualified home energy specialists and technicians and provided for their continued education into safety practices, conservation, and new home efficiency technologies and alternatives such a Bioheat®.

NORA has also an extensive track record in the research, development and deployment of cutting-edge home heating equipment. NORA has developed highly efficient boilers and furnaces. Before NORA, the top efficiency for oilheat equipment was 86. Today, consumers can purchase a furnace with 95 percent efficiency and a boiler with a rating of 93. Even further reductions will be possible in the near future with the introduction of ultra-low sulfur heating oil. Several states have already approved mandates that will take effect in the coming years, and NORA will be essential in developing, testing and bringing to market a new generation of affordable, ultra-efficient heating systems designed to utilize this cleaner-burning fuel.

NORA is also working to bring a more environmentally secure product to market, including Bioheat®. It has successfully tested and secured manufacturer and UL support for up to a five percent (B5) heating oil and biodiesel bio-blend. A mandate for this fuel has already passed in Massachusetts and New York City, and several other states are considering similar renewable fuel requirements. If all heating oil in the country were at least a B5 blend, 400 million gallons of oil could be conserved

annually. Meanwhile, NORA continues to research even higher bioblends, with the goal of reaching a 20 percent bio-blend by the end of the decade.

*NORA Benefits for Rhode Island*

Rhode Island is a heavily-licensed state in trades. When licensing began about 35 years ago, the majority of the technicians with master licenses were grandfathered in. Our industry had a training program for entry-level licensing but no training program was available for advancement to the mid-level or the master level. As these masters retired, our industry suffered a severe shortage of licensed workers.

NORA has enabled us to train several hundred entry-level technicians. We worked with the state's technical college to develop an advanced-training curriculum, approved by the state apprenticeship council, for technicians to receive the mid-level and master licenses. We have now trained close to 100 technicians in that program. In addition, we have been able to use NORA funds to provide discounted pricing for unemployed and underemployed workers and some scholarships for graduating high school students and former military.

Technology has been constantly improving through the research done by NORA, and we have been able to offer seminars and classes for on-going training of technicians.

The expiration of NORA will affect our ability to move forward. In order for NORA to continue its great work serving businesses and consumers in our state and help our nation towards a secure energy future, it must first be reauthorized. We are hopeful that you will afford the program at least a brief extension (until February, 2012) as soon as a viable vehicle presents itself and that you will support a broader, longer-term reauthorization that not only renews the program, but also implements modifications as per the GAO report and embraces the cleaner and greener future that the oilheat industry sees and wants for itself.

Yours truly,

JULIE A. GILL,
*Executive Director/CEO.*

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OIL HEAT COUNCIL OF NEW HAMPSHIRE,
*Fremont, NH, September 24, 2010.*

Hon. JEFF BINGAMAN,
*Chairman, Committee on Energy & Natural Resources, 304 Dirksen Senate Office Building, Washington, DC.*

DEAR MR. CHAIRMAN: On behalf of the Oil Heat Council of New Hampshire and its member dealers, I would like to provide you with information on how important the National Oilheat Research Alliance (NORA) is to consumers and businesses in New Hampshire.

Oilheat is an important product to the New Hampshire economy, to the state's mostly small business, family-owned and operated home energy companies, and to the people they employ and customers they serve. The majority of homes in our state (nearly 300,000) rely on home heating oil to keep their families warm each winter. There are 143 businesses with nearly 2,000 employees all working directly in the delivery of oilheat, the sale of efficient oilheating equipment, and related technical service and repair.

Additionally, there are many affiliated industries that provide goods and services to the home heating oil industry in New Hampshire and abroad. For example, our state is home to one of the most advanced boiler manufacturers in the country. It is also hope to several terminals and storage companies that serve the region, fuel price hedging companies, and there are lawyers, insurance dealers, tank manufactures and truck maintenance and sales companies, all which serve the broader industry.

NORA has been a key in improving the product for consumers, especially in the areas of conservation, efficiency and future renewable fuels. Through its research, we have seen the development of new home heating technologies and their deployment into the market. In fact, NORA's research shows that the boilers manufactured in New Hampshire may be the most efficient choice for most homeowners. NORA is also engaged in research and testing that will be able to bring to market heating oil with a sustainable fuel component, and plans in the near future to research the conversion of wood—an abundant resource vital to New Hampshire's economy—into a sustainable biofuel that can be burned cleanly and efficiency in home heating systems.

Additionally, New Hampshire is dependent on NORA for technical training, safety training and continuing education for home energy professionals. Thousands of fam-

ilies in our state depend on well trained, qualified technicians that can professionally and safely service home heating equipment in the middle of our cold winters. NORA's training is critical to that effort, and indeed, is the official technical training certification program under law in the State of New Hampshire.

Finally, making sure customers are aware of best-practice conservation and safety practices, advances in efficiency technologies and new, sustainable fuel alternatives is critical. If customers do not know about new high efficiency appliances, the progress of biofuels, tanks that are more secure, tax credits for new equipment, or the need to maintain their appliances, all of the training and new equipment is meaningless. We are very proud of the work we have done in New Hampshire to educate our customers and employees to the advances that are occurring. And they are responding positively.

Unfortunately, Congress did not act to extend the NORA program. We would strongly encourage you to enact a short term extension of the program, and then closely scrutinize the program, make necessary adjustments, and then enact a long-term renewal. We appreciate your holding this hearing, and providing us an opportunity to describe how important this program is to our state.

Again, ours is a mostly small business industry. There is much we would not have been able to accomplish—and much yet to be accomplished—were it not for the NORA program. We hope you will support the program's renewal and urge your colleagues to do the same.

Thank you for your consideration.

Sincerely,

BOB GARSIDE,
*President.*

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NEW ENGLAND FUEL INSTITUTE,
*Watertown, MA, September 29, 2010.*

Hon. JEFF BINGAMAN,
*Chairman, Committee on Energy & Natural Resources, 304 Dirksen Senate Office Building, Washington, DC.*

DEAR CHAIRMAN BINGAMAN: On behalf of the New England Fuel Institute and its 1,300 member companies, we write today to provide a statement for the record on the subcommittee hearing to receive testimony on the National Oilheat Research Alliance (NORA) program, scheduled for September 29, 2010.

The New England Fuel Institute (NEFI) is a 501(c)(6) member services trade association representing the mostly small business, non-utility home heating industry. While we have members in 27 states, most of our members are located in New England and the broader northeast region. The majority of our members are home heating oil distributors and many provide heating and cooling system sales, repair and servicing and home energy auditing and consultation services. Many market a variety of other products, including propane, kerosene and wood pellets, and some are offering alternatives such as Bioheat®, geothermal and solar.

Our association offers a variety of services to the home heating industry, including regulatory compliance assistance for home heating companies, a leading industry magazine and weekly electronic newsletter, group health and dental programs, the largest home heating industry trade show in the northeast, and public policy advocacy in the region and in Washington, DC.

In the past we have also partnered with NORA, other industry trade groups and government entities in the Oilheat Visions conference, a very popular industry-wide business and technology forum held on even numbered years, offering information on cutting edge business practices, efficiency technologies and renewable/alternative energy solutions for the home heating oil industry. Due to NORA's expiration, there was no Visions conference this year.

Our association advocates in support of the NORA program as it is vital to the members and states we serve. However, we do not receive NORA funds. All advocacy work in support of NORA and other public policy initiatives, including promotion of a more environmentally secure and domestic fuel, further regulation and limits on energy speculators, government incentives for energy efficiency and conservation and federal funding for low income fuel assistance and weatherization programs, are funded by dues and contributions by our association membership.

We also understand that several NORA affiliates in states that do receive funding have submitted statements for the record and therefore we will not go into benefits of NORA on a state-by-state basis. But we can speak to its benefits on a regional basis in New England. In fact, our Watertown, Massachusetts offices also house a separate 501(c)(3) education foundation that partners with NORA to offer technical

training and education programs and materials to home heating oil businesses and professionals throughout the region. NEFI Education Foundation funds are not used for lobbying activities of any kind, nor does its staff engage in such activities.

*About the NORA Education and Fulfillment Centers*

The NORA Education Center administers oilheat curriculum testing and accreditation for the entire industry. The Center currently serves oilheat professionals nationwide, maintains the credentials for the nearly 10,000 oilheat service technicians in its system, and oversees NORA Certification programs at the Bronze, Silver, and Gold level s. Bronze and silver certification tests are based on NORA's Oilheat Technicians Manual and the Gold certification test is based on Efficient Oilheat: An Energy Conservation Guide, also referred to as the "Gold Manual".

The goal of NORA's continuing education program is to maintain sufficient technical and safety know-how within the existing oilheat workforce, to develop and train new oilheat technicians, and therefore strengthen the oilheat industry. Along with new courses, NORA constantly provides new training materials to help keep up with a changing industry.

The Watertown education facility also houses the NORA Fulfillment Center, which maintains inventory and processes and ships orders for technical training, safety, consumer education and compliance resources to oilheat businesses and professionals. Approximately 60 percent of sales are for the NORA Oilheat Technicians Manual. The majority of other sales are for safety and technical service and training DVDs, posters and brochures. Many of these products still remain in inventory despite NORA's expiration on February 6, 2010. However, reauthorization will be needed in order to maintain available supply and the staffing needed to process and ship these resources to oilheat businesses, professionals and training facilities.

Again, the above NORA centers are independent of our association, and they are managed and funded through the NORA program. In fact, because the home heating oil industry is primarily a regional industry comprised of mostly family-owned and operated small businesses (unlike larger, integrated energy companies such as natural gas utilities), the industry would not be able to provide the necessary technical and safety training and consumer education so vital to its businesses and consumers. Several state governments now require NORA training and certification in their licensing and continuing education programs, and so it is vital that, for this reason above all else, Congress expeditiously approve a renewal of the NORA program.

*Importance of NORA in Oilheat Consumer Education*

As previously mentioned, due to the small business nature of the industry, it relies heavily on the NORA program for consumer education not only in promoting the benefits and dispelling myths about the product, but perhaps more importantly, for education on best practices in conservation, efficiency and safety, as well as to promote awareness of new technologies and alternatives, such as the availability of high efficiency heating systems and renewable fuel such as Bioheat.

As a recent example of the importance of NORA in consumer education, when Hurricane Earl recently threatened the northeastern United States, especially the coasts of New York and New England, many homeowners, schools, hospitals and businesses were wondering how to prepare their home heating oil systems for the storm. Before the storm hit, NORA funding (despite the little funding that remains after its expiration) helped to pay for a media release on pre-storm heating system precautions and preparations. Although Earl turned out to have less of an adverse impact on the region that was thought, if the storm did turn out to be a major disaster, NORA's media release would have helped, and NORA would have been able to do more to get the word out if it had been renewed and not had its funding stream cut-off.

*NORA is Vital for an Environmentally Secure and Efficient Fuel*

The contributions that NORA has made to oilheat industry in the research, development and deployment of new Oilheating technologies and alternatives cannot be overstated. And as we have already mentioned several times, it is unlikely that without NORA the industry could have accomplished so much, especially given the mainly regional and small business nature of this industry.

First, you should note the accomplishments that NORA has already made in advancing a cleaner and more efficient product. Before NORA, the top efficiency for Oilheating equipment was 86 AFUE. Today, consumers can purchase a furnace with as much as 95 AFUE and a boiler with a rating of 93 AFUE. This enables Oilheating consumers who wish to upgrade existing systems to take advantage of federal, state and local tax credits. However, these higher efficiency technologies

tend to be expensive to produce and their availability is limited. Hopefully, that is about to change.

NORA has, over the last ten years, partnered with government researchers at DOE's Brookhaven National Laboratory, with state energy agencies and with equipment manufacturers to test and approve for use ultra-low sulfur (15ppm sulfur) home heating oil. Unlike other distillate fuels such as on-road diesel fuel, home heating oil has still not made the leap to ultra-low sulfur and in most states heating oil can have high sulfur content of 2,500ppm or even greater. This higher sulfur results in higher particulate emissions and is harmful to Oilheating equipment.

However, many northeast states now see the benefits (again, proven with the help of NORA) of going to ultra-low sulfur heating oil, including healthier and more environmentally friendly emissions and reduced need for service calls. Moreover, the fuel is better on existing Oilheating equipment and will enable U.S. manufacturers to produce and market a new generation of more affordable and ultra-efficient home heating equipment currently produced and used in Europe (which has already made the move to lower sulfur heating oil).

Several Northeastern states have already passed or proposed laws that will transition heating oil in their states to lower sulfur heating oil in the coming years, including Maine, Connecticut, New York, New Jersey and Pennsylvania. Massachusetts, Vermont, Rhode Island, New Hampshire and other Northeastern states are likely to see the introduction of similar legislation in the coming year. As states and the broader region consider such policies, NORA will be vital in insuring a smooth transition, educating consumers and businesses and bringing the aforementioned ultra-efficient heating systems to market in the U.S.

*NORA is vital for a Lower Carbon, Domestic Heating Fuel*

In the past ten years, NORA has also been involved in the research and testing of a new, renewable home heating fuel, which they have named and trademarked Bioheat®. Bioheat is a blend of conventional, petroleum-based heating oil with an ASTM-compliant biodiesel. Thanks to NORA and its research and testing of the fuel, Bioheat is now approved for use by equipment manufactures, ASTM and UL in blends of up to five percent (B5). If all home heating oil were subject to a 5 percent blend, as much as 400 million gallons of conventional oil could be displaced annually, reducing both greenhouse gas emissions and dependence on foreign energy.

Meanwhile, NORA continues to research even higher bio-blends, with the goal of reaching a 20 percent bio-blend by the end of the decade. And as members of Congress well know, biodiesel is a very diverse biofuel that can be created from a variety of feedstock (e.g. soybeans, animal fats and waste cooking oil, etc.). If reauthorized, NORA is expected to engage in research and development into a variety of biofuel sources, including wood—an abundant resource in many Northeastern states—and the possibility of its use in creating a sustainable biofuel that can be blended for heating oil.

And like lower sulfur heating oil, additional testing and research into Bioheat will be vital as states consider blending requirements in an effort to reduce greenhouse-gas emissions. The Commonwealth of Massachusetts, State of Connecticut and the New York City government have already approved biofuel blending mandates for heating oil, and several other states are expected to consider such requirements in the near future. But without the NORA program, a successful transition will be very difficult if not impossible.

*NORA Reauthorization is Vital*

We are pleased that you have chosen to proceed with a hearing into the NORA program, its mission and the best use of its funds. We are confident that you will find that, not only has the NORA program been responsible and worthwhile, but it has been vital to oilheat states, businesses, professionals and consumers, and is integral to the transitioning to a more environmentally friendly, domestically produced and efficient Oilheating product.

Following this hearing, we hope that you and your staff will commit to a short-term extension for the program through February, 2012 as soon as a legislative vehicle presents itself, and that you will work to pass a longer-term reauthorization that not only renews the program, but also implements modifications as per the GAO report and embraces the cleaner and greener future that the oilheat industry sees and wants for itself.

Thank you for your consideration.

Sincerely,

SHANE SWEET,
*President & CEO.*

HOWARD PETERSON,
*Chairman of the Board (Peterson Oil Svc., Worcester, MA).*

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MASSACHUSETTS OILHEAT COUNCIL,
*Wellesley Hills, MA, September 27, 2010.*

Hon. SENATOR JEFF BINGAMAN,
*Chairman, Committee on Energy & Natural Resources, 304 Dirksen Senate Office Building, Washington, DC.*

DEAR MR. CHAIRMAN: On behalf of the Massachusetts Oilheat Council and its 350 member companies, I write today to provide a statement for the record on the subcommittee hearing to receive testimony on the National Oilheat Research Alliance (NORA) program on September 29, 2010.

This report was requested by your office and makes a number of suggestions on ways to strengthen the oversight and operation of the NORA program. Most of these suggestions are good, and we believe that many or most of them have already been addressed voluntarily by NORA and its participating states, or can be effectively addressed in a reauthorization bill. However, the GAO report did not describe the important successes that NORA has accomplished in many of the states, and how important it is to the industry and its customers.

The NORA program is vital to advancing and improving home energy conservation, efficiency and consumer education as well as the environmental security, energy independence, and adequate technical training of home energy contractors in our state. There are approximately 750 heating dealers in our state, most of who are small businesses and together employ over 7000 hard working Americans. Each heating season, these companies serve nearly 1 million households with oilheat, biofuel, and the installation and maintenance of highly efficient heating systems, and related services.

Each year, the NORA program provides our state with over $1 million dollars for these purposes. And again, these funds are provided at zero cost to the federal government. The program is funded by a small fraction (one-fifth of a cent) of the wholesale price of a gallon of heating oil. The program was given a 4-year "sunset" and was renewed with overwhelming and bipartisan support of Congress in 2005. However, the program has again expired and collections were suspended on February 6, 2010.

*How NORA Benefits All Americans*

The expiration of the program has terminated the many activities funded through the assessment have benefited consumers through increases in energy efficiency, energy conservation, and operational safety. This has included long-term studies of mechanical features, tank maintenance and installation, and new technologies. NORA has educated thousands of qualified home energy specialists and technicians and provided for their continued education into safety practices, conservation, and new home efficiency technologies and alternatives such a Bioheat®.

NORA has also an extensive track record in the research, development and deployment of cutting-edge home heating equipment. NORA has developed highly efficient boilers and furnaces. Before NORA, the top efficiency for oilheat equipment was 86. Today, consumers can purchase a furnace with 95 percent efficiency and a boiler with a rating of 93. Even further reductions will be possible in the near future with the introduction of ultra-low sulfur heating oil. Several states have already approved mandates that will take effect in the coming years, and NORA will be essential in developing, testing and bringing to market a new generation of affordable, ultra-efficient heating systems designed to utilize this cleaner-burning fuel.

NORA is also working to bring a more environmentally secure product to market, including Bioheat®. It has successfully tested and secured manufacturer and UL support for up to a five percent (B5) heating oil and biodiesel bio-blend. A mandate for this fuel has already passed in Massachusetts and New York City, and several other states are considering similar renewable fuel requirements. If all heating oil in the country were at least a B5 blend, 400 million gallons of oil could be conserved annually. Meanwhile, NORA continues to research even higher bio-blends, with the goal of reaching a 20 percent bio-blend by the end of the decade.

*How NORA Benefits the State of Massachusetts*

In Massachusetts, NORA funds have helped train hundreds of oilheat technicians on the latest home heating equipment and installation techniques. The funds have also been used to reach out to oilheat dealers and consumers statewide to educate them on new, cleaner burning fuels including biofuels blended with ultra low sulfur home heating oil. Also, NORA dollars were instrumental this year in helping our association receive a first-in-the-nation stimulus funds grant that provides rebates to consumers who install new, highly efficient oil-fired home heating systems. A key element in this program is our association's willingness to use NORA funds to train oilheat personnel on "whole-house" energy efficiency measures.

But in order for NORA to continue its great work serving businesses and consumers in our state, and help our nation towards a secure energy future, it must first be reauthorized.

We are hopeful that you will afford the program at least a brief extension (until February, 2012) as soon as a viable vehicle presents itself, and that you will support a broader, longer-term reauthorization that not only renews the program, but also implements modifications as per the GAO report and embraces the cleaner and greener future that the oilheat industry sees and wants for itself.

Thank you for your consideration.

MICHAEL FERRANTE,
*President.*

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SUPER FUEL CORP.,
*Bronx, NY, September 24, 2010.*

Hon. JEFF BINGAMAN,
*Chairman, Senate Energy and Natural Resources Committee, U.S. Senate, Washington, DC.*

DEAR MR. CHAIRMAN, I manage a small family owned home heating oil company in business since 1907. We serve areas of New York such as the Bronx, Manhattan and Westchester counties. We deliver fuel oil and service heating equipment. We also install new high efficiency boilers and oil burners.

The National Oilheat Research Alliance has been a critical part of our industry. They provide research and development which has helped advance our industry to where it is today. They also provide training to our technicians at all levels from beginner to advanced. This training is crucial to help our technicians keep up with the advancements in new technology which keeps our customers operating their heating systems at the highest level of efficiency.

NORA needs to be reauthorized as soon as possible, so that our industry can continue to advance. I hope you will be able to make improvements to the bill so that this vital program can be reestablished.

Sincerely,

TIMOTHY J. BUNYAN

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CASTLE,
*Harrison, NY, September 23, 2010.*

Hon. JEFF BINGAMAN,
*Chairman, Senate Energy and Natural Resources Committee, U.S. Senate, Washington, DC.*

DEAR MR. CHAIRMAN: My family operates a retail and wholesale fuel oil company in the New York City metropolitan area. We employ over 200 people and service thousands of residential customers. Our company, like several thousand other businesses in our industry; provides a valuable and essential commodity to our customers, servicing the equipment well, and ensuring that our customers have access to the best space heating technology available.

The National Oilheat Research Alliance has been critical to our company and industry and is essential to our efforts to serve our customers. NORA has helped develop high efficiency heating equipment and appliances for Oilheat customers. Without the efforts of NORA, our thousands of customers would not have had access to equipment that qualified for the federal high efficiency tax credit and would have consumed and paid for a great deal more fuel oil. NORA has also helped our industry develop solutions to environmental problems associated with fuel storage. Very importantly, NORA has helped lead the industry to a cleaner and greener fuel with low sulfur and a renewable bioheat component.

NORA developed and funded training that has helped our employees understand these advances. Without the NORA-sponsored training, it would have been impossible to find qualified new employees, train them appropriately, and have them embrace new technology. Through NORA's efforts, a cost-effective and efficient method of communicating to our customers has been developed, keeping them informed about what they can do to save energy, and how they can use Oilheat safely and efficiently.

It is crucial that NORA be reauthorized as soon as possible. Otherwise, all these strides toward cleaner, greener, safer, and more efficient use of Oilheat may be lost. I fervently hope that you will ensure that this important program is reestablished for the benefit of millions of Oilheat customers and thousands of family-owned businesses that serve them.

Very truly yours,

CARLA L. ROMITA,
*Senior Vice President.*

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COTA & COTA, INC.,
*Bellows Falls, VT, September 24, 2010.*

Hon. JEFF BINGAMAN,
*Chairman, Senate Energy and Natural Resources Committee, U.S. Senate Washington, DC.*

DEAR MR. CHAIRMAN: I operate a small heating oil company in Bellows Falls, VT. We employ 80 people and service 10,000 homes Southeastern Vermont and Southwestern New Hampshire. I, like several thousand other businesses in our industry provide a valuable and essential commodity to our customers, servicing the equipment well, and ensuring our customers have access to the best technology available.

The National Oilheat Research Alliance has been critical to our company, and is essential to our efforts to serve our customers. NORA has helped develop many of the high efficiency appliances for oilheating customers. Without their efforts, we would not have had appliances that qualified for the federal high efficiency tax credit. NORA has also helped the industry develop solutions to environmental problems that are associated with storing oil. Finally, NORA has helped lead the industry to a cleaner and greener fuel, one with low sulfur, and one with a renewable component, bioheat.

NORA has helped our employees understand these advances. Without the training that has occurred, we would have a very difficult time in bringing new employees into the industry, having them trained appropriately, and having them embrace new technology. Further, NORA has developed a cost effective and efficient method of communicating to our customers what they can do to save energy, and how they can use Oilheat safely and efficiently.

Without NORA we will not be able to successfully make heating oil a bio-blended environmentally friendly fuel. It is very important that NORA be reauthorized as soon as possible, otherwise we will not advance, and these gains will be lost. I hope that you will be able to make the improvements to the hill so that this important program can be reestablished.

Sincerely,

SEAN COTA,
*President.*

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GENESEE,
*Seattle, WA.*

Hon. JEFF BINGAMAN,
*Chairman, Committee on Energy & Natural Resources, 304 Dirksen Senate Office Building, Washington, DC.*

DEAR MR. CHAIRMAN: As owner of a 3rd generation family business, I write today to provide a statement for the record on the subcommittee hearing to receive testimony on the National Oilheat Research Alliance (NORA) program on September 29, 2010.

This report was requested by your office and makes a number of suggestions on ways to strengthen the oversight and operation of the NORA. program. Most of these suggestions are good, and we believe that many or most of them have already been addressed voluntarily by NORA and its participating states, or can be effectively addressed in a reauthorization bill. However, the GAO report did not describe

the important successes that NORA. has accomplished in many of the states, and how important it is to the industry and its customers.

The NORA program is vital to progress in home energy conservation, efficiency and consumer education as well as the environmental security, energy independence, and adequate technical training of home energy contractors in our state, There are hundreds of companies in our industry like mine that are family owned small businesses, who together employ thousands of hard working Americans. My company alone serves over 7,000 households with the oilheat fuel and related services each heating season.

Each year, the NORA program provides our state with vital funding for these purposes. And again, these funds are provided at zero cost to the federal government. The program is funded by a small fraction (one-fifth of a cent) of the wholesale price of a gallon of heating oil. The program was given a 4-year "sunset" and was renewed with overwhelming and bipartisan support of Congress in 2005. However, the program has again expired and collections were suspended on February 6, 2010.

*How NORA Benefits All Americans*

The expiration of the program has terminated the many activities funded through the assessment have benefited consumers through increases in energy efficiency, energy conservation, and operational safety, This has included long-term studies of mechanical features, tank maintenance and installation, and new technologies. NORA has educated thousands of qualified home energy specialists and technicians and provided for their continued education into safety practices, conservation, and new home efficiency technologies and alternatives such a Bioheat®.

NORA. has also an extensive track record in the research, development and deployment of cutting-edge home heating equipment. NORA has developed highly efficient boilers and furnaces. Before NORA, the top efficiency for oilheat equipment was 86. Today, consumers can purchase a furnace with 95 percent efficiency and a boiler with a rating of 93. Even farther reductions will be possible in the near future with the introduction of ultra-low sulfur heating oil. Several states have already approved mandates that will take effect in the coming years, and NORA will be essential in developing, testing and bringing to market a new generation of affordable, ultra-efficient heating systems designed to utilize this cleaner-burning fuel.

NORA is also working to bring a more environmentally secure product to market, including Bioheat®. It has successfully tested and secured manufacturer and UL support for up to a five percent (B5) heating oil and biodiesel bio-blend. A mandate for this fuel has already passed in Massachusetts and New York City, and several other states are considering similar renewable fuel requirements. If all heating oil in the country were at least a B5 blend, 400 million gallons of oil could be conserved annually. Meanwhile, NORA continues to research even higher bioblends, with the goal of reaching a 20 percent bio-blend by the end of the decade.

*How NORA Benefits the State of Washington*

The state of Washington has been a pioneer in biodiesel production and innovation, as well as commercial and residential uses of biodiesel. Residents in Washington State fully embrace these sustainable and environmental initiatives. NORA's work in biodiesel R&D, as it relates to home heating, is a crucial link in. driving biodiesel to broad residential use in our state.

But in order for NORA to continue its great work serving businesses and consumers in our state, and help our nation towards a secure energy future, it must first be reauthorized. We are hopeful that you will afford the program at least a brief extension (until February, 2012) as soon as a viable vehicle presents itself, and that you will support a broader, longer-term reauthorization that not only renews the program, but also implements modifications as per the GAO report and embraces the cleaner and greener future that the oilheat industry sees and wants for itself.

Thank you for your consideration.

Sincerely,

STEVEN T. CLARK,
*President.*

INDEPENDENT CONNECTICUT PETROLEUM ASSOCIATION,
*Cromwell, CT, September 23, 2010.*

Hon. JEFF BINGAMAN,
*Chairman, Committee on Energy & Natural Resources, 304 Dirksen Senate Office Building, Washington, DC.*

DEAR MR. CHAIRMAN: On behalf of the Independent Connecticut Petroleum Association, its 575 member companies and their 13,000 Connecticut-based employees, I write today to provide a statement for the record on the subcommittee hearing to receive testimony on the National Oilheat Research Alliance (NORA) program on September 29, 2010.

This report was requested by your office and makes a number of suggestions on ways to strengthen the oversight and operation of the NORA program. Most of these suggestions are good, and we believe that many or most of them have already been addressed voluntarily by NORA and its participating states, or can be effectively addressed in a reauthorization bill. However, the GAO report did not describe the important successes that NORA has accomplished in many of the states, and how important it is to the industry and its customers.

Through 2009 and the expiration of the NORA statute on February 6, 2010, Connecticut received approximately $1 million a year in NORA funds. Of that amount, approximately 70% of those funds went into producing consumer information campaigns on the importance of Oilheat energy conservation. Forty-five years ago, the average consumer in Connecticut used just over 1,200 gallons of heating oil annually. Today, that same consumer uses 800 gallons. The decrease in per-consumer consumption of 33% is a testament to our industry's efforts to bring the latest and most efficient equipment to market and how successful our consumer information campaigns have been in encouraging the important ethic of reducing consumption, increasing efficiency, and reducing emissions.

Our consumer education campaigns also include informing the public about the benefits of the growing market we have in supplying Bioheate. We strongly believe that the evolution of our industry in blending cleaner burning, domestically produced renewable fuels with traditional heating oil not only reduces our reliance on foreign energy, it also significantly reduces our industry's carbon footprint. ICPA wrote and succeeded in passing legislation in the most recent session of our General Assembly that would, by the end of this decade, displace 20% of our traditional heating oil with cleaner, domestically produced renewables, In achieving this goal we will also have reduced greenhouse gas emissions from our industry by almost 50%.

For most of the remainder of our NORA funding, approximately 25% of the $1 million we receive in NORA funding, we subsidize training and education among professional technicians in our state through our State of Connecticut certified private, non-profit, vocational technical school. These funds lower the average cost of attending heating, ventilation and air conditioning licensing programs by 33%. Our school retrains unemployed and displaced workers, has partnerships with job retraining agencies and the Connecticut Department of Labor, and serves veterans and qualifies for VA benefits. Our school leads our industry into expanding skills into viewing the whole home as an energy unit and provides Building Performance Institute [BPI] certification training. Our school was the first in Connecticut to be certified by our State Department of Higher Education to offer Solar Thermal certification training that weds two solar technologies with Oilheat backup, further reducing traditional oil needs with solar technology applications.

For all of the energy conservation programs driven by both Congress and our state, none can be successful without trained, licensed professionals whose skills learned in our school can be applied to the goals and objectives our federal and state government sets out for energy efficiency programs.

The research and development efforts undertaken by NORA, and the new equipment coming into the marketplace that is so dramatically better in efficiency, cannot be successfully used in consumer's homes unless there are trained, licensed personnel who know how to install and maintain that equipment.

*How NORA Benefits All Americans*

The expiration of the program has terminated the many activities funded through the assessment have benefited consumers through increases in energy efficiency, energy conservation, and operational safety. This has included long-term studies of mechanical features, tank maintenance and installation, and new technologies. NORA has educated thousands of qualified home energy specialists and technicians and provided for their continued education into safety practices, conservation, and new home efficiency technologies and alternatives such a Bioheat®.

NORA has also an extensive track record in the research, development and deployment of cutting-edge home heating equipment. NORA has developed highly efficient boilers and furnaces. Before NORA, the top efficiency for Oilheat equipment was 86. Today, consumers can purchase a furnace with 95 percent efficiency and a boiler with a rating of 93. Even further reductions will be possible in the near future with the introduction of ultra-low sulfur heating oil. Several states have already approved mandates that will take effect in the coming years, and NORA will be essential in developing, testing and bringing to market a new generation of affordable, ultra-efficient heating systems designed to utilize this cleaner-burning fuel.

However, in order for NORA to continue its great work serving businesses and consumers in our state, and help our nation towards a secure energy future, it must first be reauthorized. We are hopeful that you will afford the program at least a brief extension (until February, 2012) as soon as a viable vehicle presents itself, and that you will support a broader, longer-term reauthorization that not only renews the program, but also implements modifications as per the GAO report and embraces the cleaner and greener future that the Oilheat industry sees and wants for itself.

Thank you for your consideration.

Sincerely,

EUGENE A. GUILFORD, JR.,
*President and Chief Executive Officer.*

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MAINE ENERGY MARKETERS ASSOCIATION,
*Brunswick, ME.*

Hon. JEFF BINGAMAN,
*Chairman, Committee on Energy & Natural Resources, 304 Dirksen Senate Office Building, Washington, DC.*

DEAR MR. CHAIRMAN: On behalf of the Maine Energy Marketers Association and its 440 member companies which include over 12,000 Maine employees, I write today to provide a statement for the record on the subcommittee hearing to receive testimony on the National Oilheat Research Alliance (NORA) program on September 29, 2010.

This report was requested by your office and makes a number of suggestions on ways to strengthen the oversight and operation of the NORA program. Most of these suggestions are good, and we believe that many or most of them have already been addressed voluntarily by NORA and its participating states, or can be effectively addressed in a reauthorization bill. However, the GAO report did not describe the important successes that NORA has accomplished in many of the states, and how important it is to the industry and its customers.

Maine received approximately $600,000 per year while the NORA statute was in place. Of that $600,000, close to 50% was directly used to subsidize tuition for students to learn the HVAC trade, provide state of the art training facilities for that training and to encourage and inform high school students to understand and consider the opportunities of working independently, with a technical job, as an alternative or in association with college education. At our technical center and at affiliated Community Colleges we have trained hundreds of technicians; many are retrained unemployed or displaced workers, as we partner with the Maine Career Centers to get Maine back to work.

It is of paramount importance that Maine has a well trained and a sufficient workforce to carry out the State's and Congress's goals for energy efficiency and emissions reductions. Without proper training, these goals will likely miss their mark.

The other half of the grant was primarily used to educate the public about energy conservation. 30 years ago the average Maine household used approximately 1,300 gallons, today the average home uses about 850. Further advances in technology and a more informed public is continuing to reduce that usage. NORA has been instrumental in providing research and development of the new efficient technology and is the primary voice for oilheat conservation. In many instances, combining heating equipment upgrades and conservation measures, homes reduce their usage by 50%. The Maine Energy Marketers Education Foundation recently completed a study that indicates that typical replacement of boilers with higher efficiency and indirect hot water production save the homeowner between 20% and 40% of their heating fuel bill annually. Combining these efficiencies with weatherization and conservation is what gets one to the 50% savings level.

These NORA funds are provided at zero cost to the federal government. The program is funded by a small fraction (one-fifth of a cent) of the wholesale price of a

gallon of heating oil. The program was given a 4-year "sunset" and was renewed with overwhelming and bipartisan support of Congress in 2005. However, the program has again expired and collections were suspended on February 6, 2010.

*How NORA Benefits All Americans*

The expiration of the program has terminated the many activities funded through the assessment that have benefited consumers through increases in energy efficiency, energy conservation, and operational safety. This has included long-term studies of mechanical features, tank maintenance and installation, and new technologies. NORA has educated thousands of qualified home energy specialists and technicians and provided for their continued education into safety practices, conservation, and new home efficiency technologies and alternatives such a Bioheat®.

NORA has also an extensive track record in the research, development and deployment of cutting-edge home heating equipment. NORA has developed highly efficient boilers and furnaces. Before NORA, the top efficiency for oilheat equipment was 86. Today, consumers can purchase a furnace with 95 percent efficiency and a boiler with a rating of 93. Even further reductions will be possible in the near future with the introduction of ultra-low sulfur heating oil. Several states have already approved mandates that will take effect in the coming years, and NORA will be essential in developing, testing and bringing to market a new generation of affordable, ultra-efficient heating systems designed to utilize this cleaner-burning fuel.

NORA is also working to bring a more environmentally secure product to market, including Bioheat®. It has successfully tested and secured manufacturer and UL support for up to a five percent (B5) heating oil and biodiesel bio-blend. A mandate for this fuel has already passed in Massachusetts and New York City, and several other states are considering similar renewable fuel requirements. If all heating oil in the country were at least a B5 blend, 400 million gallons of oil could be conserved annually. Meanwhile, NORA continues to research even higher bioblends, with the goal of reaching a 20 percent bio-blend by the end of the decade.

However, in order for NORA to continue its great work serving businesses and consumers in our state, and help our nation towards a secure energy future, it must first be reauthorized. We are hopeful that you will afford the program at least a brief extension (until February, 2012) as soon as a viable vehicle presents itself, and that you will support a broader, longer-term reauthorization that not only renews the program, but also implements modifications as per the GAO report and embraces the cleaner and greener future that the oilheat industry sees and wants for itself.

Thank you for your consideration.

JAMIE PY,
*President and Chief Executive Officer.*

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NATIONAL ASSOCIATION OF OIL HEATING SERVICE MANAGERS,
*East Petersburg, PA, September 24, 2010.*

Hon. JEFF BINGAMAN,
*Chairman, Senate Energy & Natural Resources Committee, U.S. Senate, Washington, DC.*

DEAR MR. CHAIRMAN: My name is Judy Garber and I serve as the executive director of the National Association of Oilheating Service Managers (NAOHSM). NAOHSM was founded in 1954. The mission of NAOHSM is to provide technical education to our membership. Our 1400 members include manufacturers of oil heating equipment, wholesalers, instructors at HVAC and technical colleges, small business owners and managers from across the Northeast and Mid-Atlantic regions. We represent those that specify, service and maintain oil fired equipment.

The National Oilheat Research Alliance (NORA) has been critical to NAOHSM members and is essential to our efforts to serve our customers. NORA has helped develop many of the high efficiency appliances for oil heating customers, Without their efforts, we would not have had appliances that qualified for the federal high efficiency tax credit. NORA. has also helped the industry develop solutions to environmental problems that are associated with storing oil. Finally, NORA has helped lead the industry to a cleaner and greener fuel, one with low sulfur with a renewable component called Bioheat®.

The advance of NORA. has been critical to NAOHSM's mission of education. Without the training that has occulted we would have had a difficult time in bringing new employees into the industry and having them trained appropriately. New technologies require training that needs to be developed and delivered in a consistent

and efficient manner. NORA and NAOHSM work hand in hand to make that happen.

Mr. Chairman; it is imperative that NORA be reauthorized as soon as possible, otherwise we will not advance and all these gains will be lost. I hope that you will be able to make the improvements to the bill so that this important program can be reestablished.

Regards,

JUDY GARBER,
*Executive Director.*

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OIL HEAT COMFORT CORP., INC.,
*Hauppauge, NY, September 24, 2010.*

Hon. JEFF BINGAMAN,
*Chairman, Senate Energy & Natural Resources Committee, U.S. Senate, Washington, DC.*

DEAR MR. CHAIRMAN: On behalf of the L.I. oil heating industry which I represent, and the approximately 600,000 consumers whom we serve, I write to urge your support for the renewal of the National Oilheat Research Alliance (NORA), a federal program vital to home energy conservation, efficiency and consumer education, as well as the technical training needs of home energy contractors in the Long Island region.

Since its enactment a decade ago, activities funded through the NORA assessment have benefited consumers through increases in energy efficiency, energy conservation, and operational safety. This has included long-term studies of mechanical features, oil tank maintenance and installation, and new technologies. NORA has educated thousands of qualified home energy specialists and technicians, and has provided for their continued education into vital safety practices, energy conservation, new home efficiency technologies, and alternatives such as bioheat.

On a local level here on Long Island, NORA...(through Oil Heat Comfort Corp. of L.I.)...continues to fund and support the HVAC/Workforce Development Center located at the Suffolk County Community College Brentwood Campus. Through our efforts and NORA funding, SCCC offers the only NYS Education Dept. approved Associates Degree Program in HVAC and Applied Sciences available in the entire L.I. region. Over the past 10 years, this facility and program...(now housed in a new, state-of-the-art building which opened last year)...has provided technical training and employment for hundreds of new and existing home energy technicians. In addition, OHCC continues to provide an extensive energy awareness and technical training program to over 5000 realtors and home inspectors located throughout Long Island!

NORA also has an extensive track record in the research, development and deployment of cutting-edge home heating equipment, in conjunction with its partners at the Oilheat R&D Program at Brookhaven National Laboratory, NORA has helped to develop a new generation of highly efficient boilers and furnaces. Today, consumers can purchase a furnace with 95 percent efficiency and a boiler with a rating of 93. These are very substantial gains, which are helping consumers heat their homes more efficiently at lower cost, something that is critical to consumers facing ever-steeper energy prices. NORA is also working to bring a "cleaner and greener" ultra-low sulfur product to market, as well as technical programs on energy auditing of oilheat homes and the integration of solar into existing systems.

But in order for NORA to continue its great work serving Long Island's business and residential consumers, while helping our nation move towards a more secure energy future, the program must not only be reauthorized, but should also be strengthened in accordance with the recommendations of a recent Government Accountability Office report. Legislation to implement these changes, create more transparency in the program, increase the percentage of NORA dollars that go to research, development and deployment, and give federal support to a new, cleaner and renewable domestically produced home heating fuel will, hopefully, be considered in the next Congress.

Thank you in advance for your support for NORA and, in turn, for your continued support of the business community, consumers, and the energy future of our region and state.

Sincerely yours,

KEVIN ROONEY,
*Chief Executive Officer.*

McCoy Oil Company, Inc.,
*Midland, NC, September 27, 2010.*

Hon. Jeff Bingaman,
*Chairman, Senate Energy and Natural Resources Committee, U.S. Senate, Washington, DC.*

Dear Mr. Chairman: I operate a small heating oil company in Midland. We employ 6 people and service 500 customers. I am like several thousand other businesses in our industry; trying to provide a valuable and essential commodity to our customers, servicing the equipment well, and ensuring our customers have access to the best technology available.

The National Oilheat Research Alliance has been critical to our company, and is essential to our efforts to serve our customers. NORA has helped develop many of the high efficiency appliances for oilheating customers. Without their efforts, we would not have had appliances that qualified for the federal high efficiency tax credit. NORA has also helped the industry develop solutions to environmental problems that are associated with storing oil. Finally, NORA has helped lead the industry to a cleaner and greener fuel, one with low sulfur, and one with a renewable component, bioheat.

NORA has helped our employees understand these advances. Without the training that has occurred, we would have a very difficult time in bringing new employees into the industry, having them trained appropriately, and having them embrace new technology. Further, NORA has developed a cost effective and efficient method of communicating to our customers what they can do to save energy, and how they can use Oilheat safely and efficiently.

It is very important that NORA be reauthorized as soon as possible, otherwise we will not advance, and these gains will be lost. I hope that you will be able to make the improvements to the bill so that this important program can be reestablished.

Sincerely,

Douglas D. McCoy, Jr.

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Brennan Oil & Heating Co., Inc.,
*North Providence, RI.*

Hon. Jeff Bingaman,
*Chairman, Senate Energy and Natural Resources Committee, U.S. Senate, Washington, DC.*

Dear Mr. Chairman: I operate a small heating oil company in North Providence, Rhode Island. We employ 26 people and service 3500 customers. We are a family-owned small business and have been serving our customers for 44 years. We provide not only Oil delivery but Full-Service to our customers. We install, maintain and tune equipment and ensure our customers have access to the best technology available.

The National Oilheat Research Alliance has been critical to our company, and is essential to our efforts to serve our customers. NORA has helped develop many of the high efficiency appliances for Oilheat customers. Without their efforts, we would not have had appliances that qualified for the federal high efficiency tax credit. NORA has also helped the industry develop solutions to environmental problems that are associated with storing oil. Finally, NORA has helped lead the industry to a cleaner and greener fuel, one with low sulfur, and one with a renewable component, Bioheat.

NORA has helped educate our employees to understand these advances and implement them across the customer base. Without the training NORA provides, we would have a very difficult time in bringing new employees into the industry, having them trained appropriately, and having them embrace new more efficient technology. Further, NORA has developed a cost effective and efficient method of communicating to our customers what they can do to save energy, and how they can use Oilheat safely and efficiently.

It is very important that NORA be reauthorized as soon as possible, otherwise the industry as a whole will not advance, and these gains will be lost. I hope that you will be able to make the improvements to the bill so that this important program can be reestablished and approved permanently.

Thank You for your all work in Washington.

Sincerely,

Dennis R. Brennan,
*President.*

ANCHOR FUEL, LLC,
*Middletown, RI, September 23, 2010.*

Hon. JEFF BINGAMAN,
*Chairman, Senate Energy and Natural Resources Committee, U.S. Senate, Washington, DC.*

DEAR MR. CHAIRMAN: I operate a small heating oil company in Middletown, RI. We employ 9 people and service 3500 customers. I am like several thousand other businessess in our industry; trying to provide a valuable and essential commodity to our customers, servicing equipment well, and ensuring our customers have access to the best technology available.

The National Oilheat Research Alliance has been critical to our company, and is essential to our efforts to serve our customers. NORA has helped develop many of the high efficiency appliances for Oilheat customers. Without their efforts, we would not have had appliances that qualified for the federal high efficiency tax credit. NORA has also helped the industry develop solutions to environmental problems that are associated with storing oil. Finally, NORA has helped lead the industry to a cleaner and greener fuel, one with low sulfur, and one with a renewable component, bioheat.

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It is very important that NORA be reauthorized as soon as possible, otherwise we will not advance, and these gains will be lost. I hope that you will be able to make the improvements to the bill so that this important program can be reestablished.

Sincerely,

ROBERTA J. FAGAN,
*Operations Manager.*

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