



# Balance & Transition



**The National Oilheat Research Alliance**  
Annual Report for Operating Year 2007

# Care for our customers.



**FSA Calculator Comparison Chart**

**FSA COMPARISON** The FSA Calculator is based on general data and is not a guarantee of actual savings. Individual savings will vary based on actual system operation and the user. Please contact your dealer for a more accurate representation of your job.

**Fuel Savings Analysis** Powered by Presented by **NORA**

	Current System	Set 1	Set 2	Set 3
<b>EFFICIENCY</b>				
Location	AB-seq/MY	AB-seq/MY	AB-seq/MY	AB-seq/MY
Steady State Efficiency	60.8	70	81.7	86.5
SH Loss (%)	2.1	1.8	1.2	0.85
Oversize Factor	3.8	3	3	3
* Design Day Heat Load (Btu/H)	40000	47000	40000	40000
Domestic Hot Water (DHW) Cost	64.3	64.3	64.3	64.3
Oil Price (\$/Gal)	2.25	2.25	2.25	2.25
Heads (heated) Location Factor	0	0	0	0
<b>RESOURCES</b>				
Seasonal Annual Efficiency	52.6	64.5	79.2	85.9
Annual Oil Equipment Load (Gal)	1701	1600	1329	1226
Annual Oil Equipment Cost	\$3827	\$3601	\$2990	\$2757
Energy Load (Oil Equivalent) Gal	800	563	274	171
Cost Of Energy Load (Oil Equivalent)	\$1800	\$1267	\$617	\$385
Summer Oil Equipment Use (Oil/Gal)	1.19	0.83	0.58	0.37
<b>Savings Relative to Current System:</b>		\$226	\$837	\$1970
<b>Savings Over 20 Year Life:</b>		\$4520	\$16740	\$21400

**System Descriptions**

- Current System: User's current system - very poor efficiency
- Set 1: More efficient system - good upgrade option
- Set 2: Typical indirect system
- Set 3: Top of the line system - recommended upgrade

Buttons:

Oilheat families across the nation will get a true picture of the fuel savings achievable by equipment upgrades, thanks to Fuel Savings Analysis software introduced by NORA.

# Care for our environment.

**Introducing Bioheat®** THE FUTURE OF HOME HEAT.  
It's the cleaner and greener choice for today and tomorrow.

**Good for America today. Secure for tomorrow.**  
Bioheat is blended with pure biodiesel, oil made from plants and other renewable sources, so it reduces our dependency on foreign petroleum. Good for the planet tomorrow. It's an organic, renewable fuel source that reduces drilling in sensitive areas. Good for your home. No conversion to your furnace or boiler which means lower cost to you. Bioheat is the home heating choice you can feel good about.

**BIOHEAT.**

*I'm comfortable with that.*

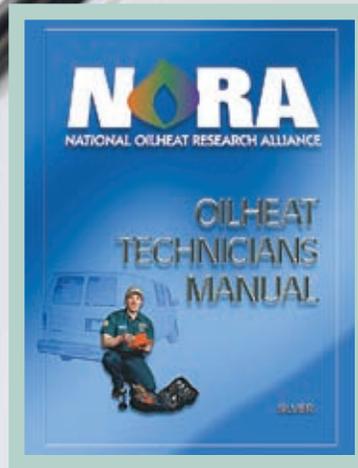
[www.bioheatonline.com](http://www.bioheatonline.com)

**BIO DIESEL** **NORA**

*Prototype advertisement shown. Final advertisement is under development.*

*Bioheat®, delivered by firms such as Hale Hill Farm Biofuels of Branford, Connecticut, will get a boost from a campaign developed on behalf of the National Biodiesel Board.*

# Training our industry.



All of Daigle Oil Co.'s service technicians are NORA certified to better serve the northernmost Maine communities of Fort Kent and Madawaska.

*NORA has over 11,000 certified Oilheat technicians in its ranks. We continue to expand educational programs and products and have published a new basic training manual.*

# Planning for the future.



*The Alliance invests in the future of Oilheat by encouraging new products that advance heating efficiency and new fuels that rely on our proven delivery infrastructure.*

# Serving today's needs.

**In 2007 NORA drafted a strategic plan for the Oilheat industry in response to the rapidly changing landscape for energy. That strategy acknowledged the emerging and expanding global market forces that will likely have significant consequences on how the Oilheat industry will operate in delivering products and providing services to customers in future years.**

Recognizing that 2008 already presents an even more challenging landscape, with significant outcomes for the industry and its consumers, NORA is focused on making its strategies as relevant as possible to meeting the vital energy requirements of the 8 million plus homeowners represented in the twenty-two states and Washington D.C. that form the National Oilheat Research Alliance.

The NORA roadmap accounts for the evolution of energy markets, new fuel resources, and a more strident “use energy wisely” ethic than has been previously adopted. The Oilheat industry remains uniquely positioned to deliver to homeowners, businesses and industry, energy efficient and renewable liquid fuels and fuel blends of the future. Investment in these fuels, notably Bioheat® and other advanced fuel compositions that may follow will place America in the forefront of energy security and sustainability.

Achieving real change is difficult, but essential to the industry's future. The Alliance has devoted significant research dollars to gauge the future of Oilheat and the emergence of liquid fuel blends. Our recent efforts provide an overview of key trends and the direction of the energy industry at large.

**Fuel Oil in Transition:** A key driver of change within our industry has come about with the advent of ultra low sulfur diesel (ULSD) fuel, mandatory for on-highway transportation since October 2006 and soon to be required for both on- and off-highway applications. The impact on heating oil supply has been getting mixed reviews: there is concern over yet more fuel segregation, while on the other hand, ULSD has furthered the beneficial trend toward reduced sulfur content in all spectrums of the distillate pool which leads to the cleaner firing of heating oil equipment.

If ULSD eventually makes its way to becoming the mainstream product for heating oil, the industry will be able to promote an extremely clean energy product, especially when blended with biodiesel that meets the quality



# Meeting future objectives.

standards of Bioheat. It's conceivable that this next generation fuel could provide incentive for new products that use home heating oil for a variety of uses, including residential cooling and electricity generation.

**The Importance of Bioenergy:** The biodiesel industry continues to grow at a rapid pace. In 1999 there were 500,000 gallons of biodiesel produced in America. By mid-year of 2007, there were over 80 biodiesel plants with a production capacity of 580 million gallons. It's anticipated that capacity will ramp up to exceed one billion gallons by 2010, thus boosting the availability for blending with No. 2 heating oil.

NORA has a license agreement with the National Biodiesel Board (NBB) which holds the registered trademark to the Bioheat® product to ensure adherence to quality specifications. A recent report by UL on 5 percent blends indicated that they were compatible with heating oil at this level. Therefore, NORA is encouraging blends between 2-5 percent. In all situations the heating oil should meet ASTM International standard D 396, and the biodiesel needs to meet its own ASTM standard D6751 for that product prior to blending. In this manner, the industry can offer a clean fuel product that remains fungible and that can be held to uniform performance benchmarks.

An ad hoc NORA task force has devoted much time and effort to secure the approval of proxy language that would qualify Bioheat (up to the five percent ratio) as a substitute for meeting the ASTM specification for heating oil to ensure that burners and system components using Bioheat meet the criteria of manufacturers' warranties. (Since approved by ASTM in June 2008.)

As Bioheat becomes more commonly integrated with Oilheat, the industry approaches the day when burner designs will allow for a higher percentage of qualifying biofuels to comprise the consumable fuel.

**Future Liquid Fuels:** If we extend our trend line past 2015, it's possible to envision one or more renewable fuel resources that could contribute to the bank of deliverable home heating products. Using various processes, synthetic fuel oil can be converted from biomass waste matter, referred to as BTL (biomass-to-liquid); natural gas-to-liquid fuel (GTL); and coal-to-liquid (CTL) fuel, which holds the most promise for supply since coal is the nation's most abundant energy resource.



**Energy Efficiency and Home Fuel Use:** Household energy efficiency will be a focal point for new and existing construction for the years ahead. We can expect consumers to heed even stronger messages from government agencies, builder groups, and our industry about the importance of energy conservation. Oilheat homeowners will solicit energy audits to a greater degree and look to improve upon their insulation from winter cold. Combined with the advanced technology of newer equipment to provide fuel savings, some of which emanate from NORA supported projects, it becomes apparent that the Oilheat dealer of tomorrow will be both energy supplier and efficiency contractor in one.



**Climate Conditioning:** NORA's concentration on energy efficiency by way of its R&D expenditures and renewed emphasis on professional training for technicians will serve the industry in responding to combustion and emission questions raised by regulatory boards, quasi-government agencies, and concerned citizens. The Alliance's adoption of renewable resources such as Bioheat and devotion to new appliances and multi-stage burners are examples of ways to reduce emissions through the use of cleaner fuel in tandem with equipment that uses less fuel. The success of these efforts will be measured on how well these goals are achieved while at the same time providing the warmth, comfort and personal service that consumers expect. In that respect, the NORA marketing theme of "intelligent warmth" is providing the pathway for Oilheat to be recognized as a clean fuel for meeting contemporary and future heating and accessory needs.



**Communication:** Consumer reliance on the Internet is growing: this is the place to learn about energy choices and specific sources of supply and service at an individual's own convenience without intrusion. NORA has increased its presence on the Internet, and this presence is reinforced by the local media and public information outreach of the member associations. NORA plans to continue this communication into the foreseeable future, giving the Oilheat industry an ideal outlet to represent itself and discuss such topics as developing critical sustainable liquid fuels for the future, designing new and exciting energy appliances, devising energy solutions to meet ever-developing demands, and devising business models to be successful in this new marketplace.

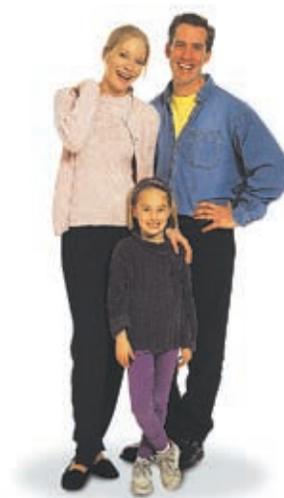


**Public Policy and Regulatory Improvement:** To compete more effectively and gain recognition as a fuel for the future, the fuel oil industry will need to increase its collaboration with regulatory authorities that develop the air quality, transportation, storage and operating standards required. This will be beneficial to the industry, government agencies and the public, providing advice on improving efficiency rating standards, securing incentives to encourage the upgrading of inefficient oil-fired boilers and furnaces with new heating units, and stimulating replacement of existing inground storage tanks.

Timetables for the transition to low sulfur, ultra low, and bio/liquid fuel blends would be better aligned to the industry's capacity for such changes if these deadlines were determined through a collaborative process. Through more communication and interaction, the industry would better understand the goals of the various regulatory boards and the boards would gain a realistic insight into the industry processes required to achieve those goals.

**Public Awareness:** NORA represents an important self-financed, coordinated national Oilheat industry program on three fronts: research and development, training, and consumer education. Policy makers, media, manufacturers, dealers and consumers need to be aware of these efforts and support the vision expressed in this report. The NORA education and training programs, timely research, and Internet messages, along with the working performance of members of the Alliance, all convey the unique properties, uses, and benefits of heating oil. The programs developed by NORA also provide necessary and important support for the industry, the general economy in many regions of the United States and the millions of Americans who rely on Oilheat for residential and commercial space and water heating.

Many facets of these strategic visions have been put to work and are showing positive results. NORA looks forward to continued progress in all three areas and will vigorously continue to encourage new technologies and competitive products in response to a changing liquid fuels environment.



# What the consumer is thinking.



As has been customary with all of its outreach projects since the inception of NORA, the Alliance uses the services of demographic research and survey forms for pre- and post-analysis of consumer attitudes towards Oilheat. These studies help determine media selection for upcoming campaigns and also show where Oilheat messaging is creating and reinforcing a positive image before the public.

One of the more enlightened studies of the mindset of today's consumer was derived as NORA transitioned to the Internet as the preferred media of choice. NORA began to position Oilheat messages on demographically targeted sites in 2006 in tandem with conventional media. Given the ability to reach desired audiences more precisely and achieve "contextual targeting," the Alliance has now set its sights on greater use of the Internet in more innovative and response driven ways.

The study, conducted during 2007, is enlightening for what it indicates about present day attitudes toward Oilheat and energy in general. It has helped to suggest the direction that future campaigns should take to get information across to consumers that remain unaware of Oilheat's value. Much of the data reported in the study was obtained by reviewing Internet web sites, blogs, message boards and the like for the latest "buzz" about heating and energy use at home. The Internet has essentially become the word of mouth vehicle for all generations — young professionals, home owning working families, and baby boomers.

As might be anticipated, fuel expenses generate the largest proportion of online buzz with in Oilheat and other energy conversations and are more likely to be discussed among bloggers than in other messages. Combustion emissions, alternative fuels, and equipment maintenance are also frequent topics.

**NEWS INFLUENCE:** It is most often a news event or noticeable trend in the marketplace that will show a marked increase in talk among consumers. While energy topics generate interest at all times, a news announcement like the one from the Dept. of Energy in late fall about an expected rise in heating costs can result in many news articles and blogs being shared online. Talk about heating oil prices is often interspersed with comments about other fuel sources, especially gasoline and natural gas. Additionally, heating costs are often referenced as one of several converging economic issues that may have broader implications for communities and regions. NORA is always mindful of consumer sentiment when developing programs for the coming year and is finding the give and take of Internet communications to be a valuable marker of the public's mindset about heating oil.

**CONSERVATION:** These online chats can lead to actions for heating cost savings based on the consumer's level of concern. The majority of behaviors discussed on blogs and message boards are incremental in nature. Consumers mention actions such as: turning down thermostats, conserving hot water, upgrading their home's winter resistance, and entering into pricing contracts with providers.

Consumers who view fuel consumption as an issue needing to be addressed immediately may take more significant action including: moving to a new dwelling, adjusting or closing down areas of the home for winter, and increasing home insulation as much as feasible. These indicators have led NORA to create messages that promote the new and better heating technology for achieving higher efficiency that is available to Oilheat users. We also refer to our cleaner fuel based on lower sulfur content and the introduction of Bioheat®. This approach is resonating with the consumer based on the impressive jump in web clickthroughs and visits to OilheatAmerica.com that we've witnessed in the past year.

There also appears to be a growing interest in calculating the energy efficiency ratings of individual homes for valuation purposes. NORA's recently introduced FSA software that will gauge the fuel and costs savings achievable with system upgrades may prove invaluable in encouraging people to install new systems for significant efficiency gains. Historically, Oilheat systems have been replaced upon a mechanical failure. The new software will accurately show how fuel conservation brought about by newer technology can save the homeowner money.

**SERVICE:** There is minimal online discussion of the ongoing maintenance suggested for Oilheat systems. This does not mean that it is not taking place, but rather that it's not something seen as important to discuss online. When maintenance is discussed, it is usually in the context of a service need. In that light, the traditional appeal of having a



local heating supplier with qualified technical personnel at the ready continues to be important to many consumers. It remains a primary attribute of Oilheat versus utility competition.

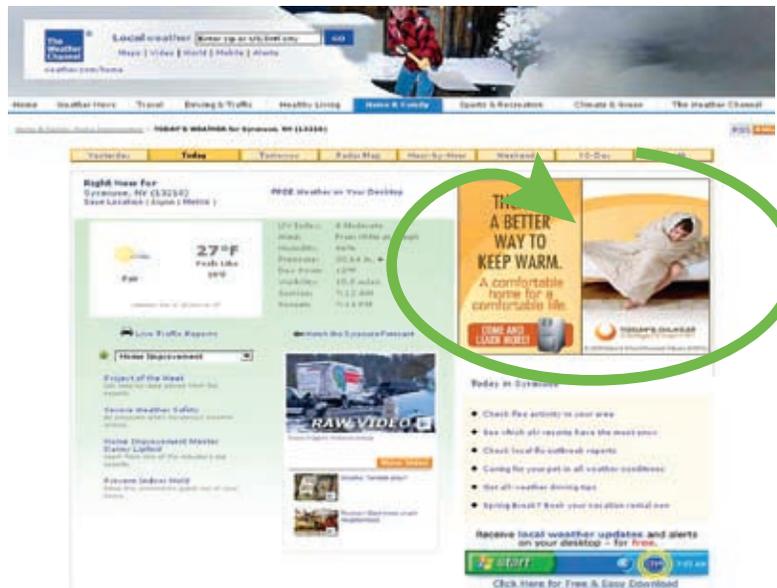
**POSITIVE OILHEAT ATTRIBUTES:** NORA has been communicating that Oilheat is competitive for the heating value and service provided and that oil suppliers offer a range of price protection programs and budgeting options. Further, modern Oilheat systems burn less fuel than those of decades past. We've been pointing to the interactive H.O.U.S.E. on OilheatAmerica.com that demonstrates the many ways to improve the energy efficiency of a home.

Consumers are of the opinion that the cost of heating oil and all fuels continues to rise and they want to know what options are available to them. They are amenable to incentives to make incremental changes to improve efficiencies and minimize costs (including pricing contracts). And they are wondering how modern Oilheat systems compare to other alternatives.

**INTELLIGENT WARMTH:** NORA's motto has served the industry for two years and serves to point a questioning consumer in the right direction. Our emphasis on the cleaner burning fuel we provide today, the evolution of Bioheat® and advances in technology convey that the Oilheat industry is working to reduce American dependence on foreign oil. We are working to improve air quality and encouraging viability in local communities via conservation, efficiency, and delivering renewable liquid fuels.



STUDY OF OILHEAT AND HOME ENERGY CHAT ON THE INTERNET allowed NORA to have an up-to-date understanding of consumer attitudes on home heating subjects by age group, leading to interactive messages on the Internet that are reaching the targeted audiences and leading them to OilheatAmerica.com.



# Research & Development

Addressing the transformation of the marketplace by investing in liquid fuel research.

Historically, the chemical nature of oil for atmospheric combustion has provided a long-standing efficiency advantage over propane and natural gas where the same types of heating equipment are applied, because of the lower hydrogen content of the fuel. Furthermore, electricity was expensive for heating and the moderate air temperature supplied by heat pumps is not perceived as being adequate in many climates when the temperature drops below freezing. Oil for heating has traditionally arrived at its destination as one of many products derived from a significant and extensive world oil market, enabling heating oil to become a reliable and competitive source of energy in its core markets.

Fuel price volatility provides continuing price shocks for virtually all petroleum applications, heating and gasoline the most prominent, but also for electricity generated by oil consuming power plants. The rising prices in the current energy picture have led to investments in new technology that have brought about condensing furnaces and boilers, multi-stage burners, better tools for burner flame adjustments and controlling air-to-fuel ratios — all of which provide marked improvement in combustion efficiency. These innovations, combined with the advent of ultra low sulfur fuels and biofuel blends are shaping the future of Oilheat.

The increased demand for sustainable and economic solutions to the nation's energy portfolio requires action with respect to all forms of energy and end-use technologies. The research for diversified liquid fuel

resources needs to be encouraged as liquid fuels have the potential to offer:

- sustainable and reliable fuel supply
- high efficiency end-use applications
- domestic use of renewable biofuels
- a vast fuel resource-to-delivery point infrastructure that is already in place
- proven storage, blending and local distribution
- gas-to-liquids and coal-to-liquids potential
- carbon footprint equivalence to liquid natural gas
- low emissions using ultra low sulfur fuel (ULSD)

The time to invest in the next generation of liquid fuels and technology has arrived. To this end, NORA, working with the New York State Energy Research and Development Authority (NYSERDA) and Brookhaven National Laboratory, has formed the Liquid Fuels Research Center (LFRC). The mission of LFRC is to conduct scientific research in the field of liquid fuel and fuel blend storage, local delivery and end-use to provide homes and commercial enterprises with economically and environmentally sustainable energy solutions for the future. The LFRC will conduct NORA-directed research and work with other entities (like NYSERDA) interested in advancing liquid fuels research for the nation.

In addition to LFRC, NORA continues to support research that encourages new product development and market introduction in an expedited time frame to respond to the need for high efficiency at all component levels for heating and hot water.

**ADVANCED BURNERS:** Research continued on the development of advanced burner concepts that are lower in cost, provide lower emissions, and which provide advanced features such as modulation and low firing rates for specific applications. LFRC research during the past year resulted in the development of the Carlin Equinox two-stage burner (EZ-H2L) along with modifications by Bock, Olsen, Buderus and Thermo-Dynamics to respective boilers and furnaces to accept power venting and take full advantage of Carlin's advanced burner. The Carlin Sentinel advanced primary controller is in full field test and continues to develop performance trending, fault analysis and fuel consumption measurement, as well as integration with back office programs.

**ADVANCED APPLIANCES:** Bock Water Heaters developed and brought to market a 20-gallon oil fired water heater targeted for space saving applications under the NORA research program last year. Work continues in developing the Kerr advanced condensing furnace and the Energy-Kinetics condensing boiler/water heater with both looking to field test during 2008.

NYSERDA has awarded a contract to the LFRC this year to research the impact of reducing heating oil sulfur levels to low (500 ppm) and ultra low (15-100 ppm) levels on appliance operation and design. These levels may present manufacturers with new opportunities to develop and market very high efficiency appliances for oil, again with reduced cost.

# NORA-supported products that have been introduced to the market or are under development.

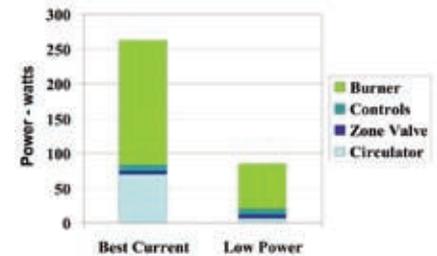


## LOW POWER BURNER WITH BATTERY BACKUP / in progress

Heat Wise is developing a new oil burner that dramatically reduces the electric power draw. Working with Brookhaven National Laboratory, an integrated, low power battery backup system that can operate during a power outage on a conventional 12 volt battery is being tested.

Features include:

- Brushless DC Circulator (7 watts)
- Brushless DC Burner Fan (40 watts)
- Solenoid Fuel Pump (22 watts)
- Interrupted Ignition



## CONDENSING OIL BOILER BREAKS THE 90% EFFICIENCY BARRIER / introduced

Peerless Boilers introduced its Pinnacle oil-fired high efficiency, condensing boiler.

- Energy Star Rated
- 93%+ efficiency achievable for low combustion temperature applications
- Fully condensing with standard No. 2 heating oil
- Corrosion resistant stainless steel
- Advanced control package
- ASME-rated

## 2-STAGE OIL BURNER / new to market in 2008

A new 2-stage burner has been developed by Carlin Combustion Technologies that is responsive to low- and high-demand loads. The burner is a two-position, 50% turndown ratio, step modulating, low-high-low, residential oil burner. It enters the market serving four direct-vent systems: a Bock water heater, a Buderus cast iron boiler, a Thermo-Dynamics steel boiler, and a Utica warm air furnace. The burner development and appliance advancements were supported by a NORA R&D grant. Under development for the past several years the burner represents a different approach to burner technology than has heretofore been available to the Oilheat marketplace.



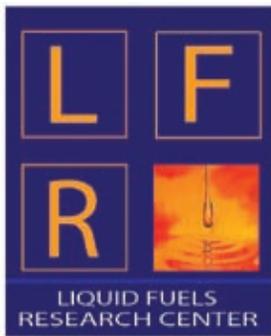
## HIGH EFFICIENCY CONDENSING FURNACE / introduced

The "Efficiency Expert" from Adams Mfg. Co. was first oil-fired unit supported by NORA R&D to attain AFUE exceeding 90%. All models reportedly can be vertically or horizontally vented with 3" PVC pipe. It incorporates a stainless steel heat exchanger with molded pyro-ceramic combustion chamber.



## OUTDOOR OIL FURNACE AND CENTRAL AIR CONDITIONING COMBINATION UNIT / introduced

Thermo Pride's Thermo Pack OPB packaged oil heating and air conditioning unit can be installed on ground level or rooftop. It provides cooling with R-410A environmentally friendly refrigerant and is available up to 14 SEER for high efficiency cooling. It uses ECM blower motor for comfort and enhanced electrical efficiency. Installation and service is facilitated as this is an outdoor system.



## The newly established Liquid Fuels Research Center will be a prime resource for Oilheat R&D.

**NEW APPLICATIONS:** Research in support of the development of economical liquid-fired equipment from new and potentially diverse resources is being encouraged. The LFRC will seek opportunities to support the commercial development of new, economical oil-fired equipment that can expand the market for Oilheat and achieve very high efficiency levels. As an example, initial burner testing of an oil-fired heat-pump component has proven successful which has led to expanding and directing the project development of a working prototype.

Other possible examples include self-powered heating systems, microCHP systems with grid integration, very low input systems, instantaneous water heaters, and auxiliary applications such as oil-fired space heaters and fireplaces. Many of these applications will require innovative burner or system concepts including vaporizing or ultra-fine atomizing. The LFRC plans to experiment with atomization measurements, in-flame temperature and flow measurements, radiation characterization, and emissions as well as capabilities for modeling and review of all relevant work. The Center is likely to work closely with manufacturers serving the Oilheat industry or new entrants in this process, sensing these parties would want to enhance and shape into marketplace products any concepts that prove valid during testing and development.

**ADVANCED VENTING:** The lack of availability of low cost venting systems that can handle mid- and low-temperature flue combustion gas and reliable design guidelines remains an impediment to the widespread use of higher efficiency appliances. NYSERDA has awarded a contract to the LFRC this year to develop a dilution air transition piece (from the appliance vent to the appropriate plastic venting) whereby flue gas is diluted with ambient air (reducing its temperature) and the mixture is then vented using low cost, condensate-resistant plastic pipe.

**INTEGRATED SYSTEMS:** Detailed system input/output measurements and conversion of results to annual energy efficiency use for representative homes is being established and brought to fruition with the introduction of NORA's new Fuel Savings Analysis (FSA Calculator) software. Research undertaken by Brookhaven National Laboratory using several boiler/water combinations documented that real life energy efficiency factors are not fully reflected in the Annual Fuel Utilization Efficiency (AFUE) measures touted by the Dept. of Energy. This research served as the engine that motivated NORA to develop the FSA Calculator. For the first time, a heating oil company representative can enter data on a laptop computer and quickly provide the homeowner with a more accurate understanding of their heating and hot water energy use.

If the performance of existing equipment is subpar, the FSA can generate several options for system upgrades and account for payback before the customer in 30 seconds.

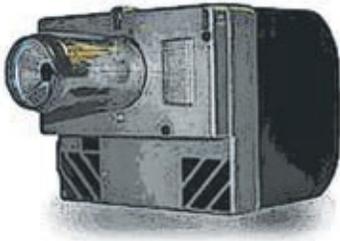
**NEW AND ADVANCED FUELS:** LFRC research continues on storage, handling, and combustion of future fuels such as sustainable biodiesel blends. The R&D efforts have been extended to: conducting testing of ultra low sulfur fuels on various appliances and locating a source for advanced synthetic coal to liquid fuels (CTL) for oil-fired burners should a diesel-like product produced by a Fischer-Tropsch process from gasified coal become available.

**FUEL QUALITY:** LFRC will continue to study and assess maintenance questions and customer service issues pertaining to fuel quality. The introduction of ultra low sulfur fuel and Bioheat® blends have enabled the industry to make significant strides in achieving cleaner combustion from stationary heating and hot water systems that consume heating oil. This aspect of Oilheat will improve as new fuels evolve and validate our intensive efforts to study and bring forward technology to adapt to new fuels, and conversely new fuels to meet the technology that will lead to ultra efficient Oilheat products.

## NORA-supported products that have been introduced to the market or are under development.

### TWO-STAGE AND MODULATING RESIDENTIAL OIL BURNER / in progress

Heat Wise is developing a new line of residential oil burners aimed to be cost effective alternatives to natural gas and propane products. The fully modulating oil burner may enable Oilheat to compete directly with wall hung gas boilers as an oil-fired product. The design is intended to fire both fuel oil and biodiesel blends. This effort represents one of the new burner technologies encouraged by NORA that will enable the industry to expand applications and markets. (prototype sketch shown)



### REMOTE FLAME QUALITY MONITOR / introduced

Carlin's Sentinel™ provides remote monitoring of oil burner flame quality and direct monitoring of fuel use that can help avert burner malfunctions, reduce service costs and improve customer satisfaction.



### HIGH EFFICIENCY OIL-FIRED CONDENSING FURNACE / in progress

Kerr Heating Products has received a research grant to develop a high efficiency condensing oil-fired furnace for the North American market. A working model has been fabricated and has been running steadily in the Kerr lab for the past several months. Initial testing shows efficiencies in the range of 96% to 98% AFUE. It's expected that the unit will be going into field trials in the near future.

Unique to Kerr's condensing furnace is the use of primary, secondary and tertiary heat exchangers, ECM technology and a novel control strategy that maintains a constant temperature during the heating season and a constant relative humidity in the cooling season. The furnace will also provide dehumidification during second stage cooling which is necessary with today's high SEER air conditioners. The unit will be direct vented using approved PVC vent materials. Kerr aims to produce a furnace that is easy to install and maintain, reduces greenhouse gas emissions and meets Energy Star qualifications.

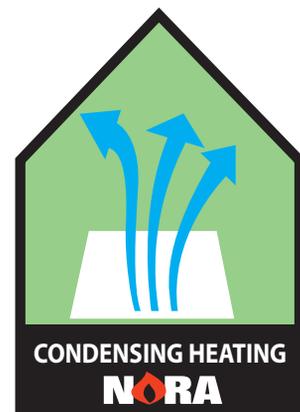
### TWO-STAGE OIL-FIRED FURNACE / introduced

Thermo Pride developed a low-profile highboy oil furnace using a two stage burner and ECM blower motor. Fuel savings are achieved by running on low-fire most of the time, but on extremely cold days the burner will run on high-fire automatically. The ECM blower motor along with the 2-stage burner provide comfort for the homeowners. The ECM motor also provides additional electrical efficiency. The unit provides consumers with an oil option for higher efficiency and quiet operation.



### COMPACT HIGH PERFORMANCE OIL-FIRED WATER HEATER / introduced

The Bock SpaceSavr™ aims to make oil more competitive in the water heater market by featuring high efficiency in a small package that can meet domestic hot water needs in distinct situations, such as condominiums or cottages, certain radiant flooring uses, snow melt systems and other point of use applications where space is at a premium. It measures 38 inches high x 20 inches in diameter. It is rated to provide as much as 84 gallons of hot water in the first hour of delivery, using 20 gallon storage capacity.



# Education & Training

**T**wo of NORA's most extensive educational projects to date were completed in 2007.

The first project, which had been under discussion and review for several years, was to create a software package that would correctly show the efficiencies and potential savings to be realized when a homeowner upgrades older equipment to newer technologies that are used by the Oilheat industry. As cited at industry meetings, and periodically in our newsmemos, the conventional AFUE measure of efficiency developed by the Dept. of Energy is outmoded and does not account for the true efficiency of a new integrated Oilheat system; i.e., one boiler supplying heat and domestic hot water.

The R&D for the software was undertaken by Brookhaven National Laboratory. NORA subsequently contracted with a software developer to work in conjunction with Brookhaven. Through these efforts, the Fuel Savings Analysis (FSA) software was created.

The second activity was the revision and upgrade of the Oilheat Technician's Manual, the primary textbook for introductory Oilheat courses at schools throughout the country. This was the first major revision to the book in nearly 50 years.

Another promising enterprise was NORA's outreach to plumbers, mechanical contractors and related trades. While these people do not sell oil, they have a big impact on the type of equipment in people's homes.

Our activities in 2007 also focused on emphasizing the importance of technical certification, a proven way to retain customer confidence in the personal service that is one of Oilheat's most valued attributes. This activity includes a review of certification procedures and a substantial upgrade to the NORA education website, [noraed.org](http://noraed.org).

**TECHNICIAN AND TANK PROCEDURES CERTIFICATION:** During the last calendar year we certified over 500 new Bronze apprentice technicians (an encouraging signpost for meeting future personnel needs), 400 Silver technicians, and 150 new advanced level Gold technicians. There are currently more than 11,500 NORA certified technicians in the industry. There are 384 NORA recognized courses for awarding CEUs, and 114 NORA accredited proctors for overseeing exams.

The tank maintenance and review program continues to grow. This training was initiated in 2006 as a way to develop confidence in the fuel storage of an Oilheat home. Insurance underwriters were concerned with leaking tanks and potential leaks. This program was the first step in self-policing and encouraging homeowners to upgrade tanks when needed. The course follows the procedures as spelled out in NORA's "Guide to Quality Installation and Maintenance" (of heating oil storage tanks) now in its second edition. The Alliance tested and certified more than 1,600 people into the tank certification program last year. One of the new features at [noraed.org](http://noraed.org) now provides public access to a Google® map generator that displays by state/region companies who employ NORA-trained and certified storage tank personnel.

**ADVANCED DEGREES:** Recognizing that the scope of the certification program is primarily oil burners and energy conservation, NORA now conducts and co-sponsors advanced programs for training on Duct Design and Sizing, Hydronic Oilheat, Air Conditioning and Oilheat, and Oil Tank Installation and Maintenance. These seminars feature a comprehensive test following each class.

**NORA/IBR HYDRONICS COURSE:** In a similar extension of advanced training, NORA and the Hydronics Institute Division of GAMA have teamed to create a new IBR school one-day hydronics fundamentals course and to offer NORA Advanced Hydronics certification testing and recognition. This new program was presented eight times during 2007.

**NORA CEUs:** Most CEUs are granted for attending seminars. To qualify as a NORA approved CEU course, the manufacturer or educator must submit to NORA a course outline and copy of the test given at the end of the course. To facilitate the process we have made it possible for technicians to also accumulate CEUs on-line via NORA technical videos that have on-line exams. Several manufacturers in the industry also offer on-line training seminars and exams that qualify for NORA CEUs.

**NEW TECHNICIAN'S MANUAL:** The Alliance is very proud to release its new Oilheat technician's manual. This effort has resulted in an upgrade to the text and visual presentations of our best selling product. "The Oilheat Technician's Manual" has been the main teaching guide for the Oilheat industry for nearly 50 years and is designed to complement hands-on training at Oilheat schools. The new version was released in April 2008. It is a full color, spiral bound textbook and features extensive use of graphics and schematic diagrams to improve the learning experience. We have also created a new Silver and Bronze test for instructors to use with the new book and a PowerPoint™ Silver Review Seminar based on the new book and exam.

**NEW EDUCATIONAL DVDS:** Two DVDs were introduced in 2007, one on how to install above ground fiberglass tanks and the other on the NORA static oil tank test procedure. We have begun work on a Combustion

Testing training DVD, and plan to produce others on Heat Loss and the new Fuel Savings Calculator. All educational DVDs, videos, and textbooks for training are available at NORA-subsidized rates at [norastore.org](http://norastore.org).

**EFFICIENCY TESTING PROJECT:** In 2007 Tom Butcher and his team at Brookhaven National Laboratory made substantial progress on this vital project. In May of last year they hosted a peer review meeting to bring manufacturers and other concerned parties up to date. Based on feedback received at the meeting, they worked to create an electronic software tool that enables the user to calculate the efficiency of the new unit versus the existing unit, and determine the rate of return on investment for a new boiler or furnace. The new FSA (Fuel Savings Analysis) Calculator was released in April 2008. The software and user guide can be downloaded from the home page at [nora-oilheat.org](http://nora-oilheat.org).

**INSTRUCTOR DEVELOPMENT ACADEMY:** As a companion to release of the new Oilheat Technician's Manual, NORA has created an instructor training program in conjunction with the National Association of Oil Heating Service Managers (NAOHSM). This 2-1/2 day workshop aims to improve the skills of educators within the Oilheat industry. The main focus of this course is training with the new manual. NAOHSM and NORA scheduled two of these workshops to coincide with the release of the new manual this spring and have another planned for August 2008.

**OILHEAT MANAGEMENT WORKSHOP:** NORA presented a condensed version of this operations workshop at the regional M-PACT Convention in Indianapolis in March 2007. The objective was to introduce newer service and management concepts attuned to companies of various sizes that are operating in non-core Oilheat markets.

#### ABOUT THE TECHNICIAN CERTIFICATION PROGRAM

The Alliance continues to improve its Technician Certification program in terms of content and access to certified data about companies and their technicians by outside parties such as homeowners and insurance underwriters.

The Oilheat industry has long recognized the value of achieving excellence in service as the way to create long term bonds between company and customer and the important role that employee training plays in strengthening that relationship. NORA has made technical education a mainstay of our overall program, marked by board action shortly after our founding when the Alliance assumed the Technician Certification Program previously operated by the Petroleum Marketers Association of America (PMAA).

In 2002, the Alliance established an online resource for this program that provides technicians and companies the ability to track the education that they have received.

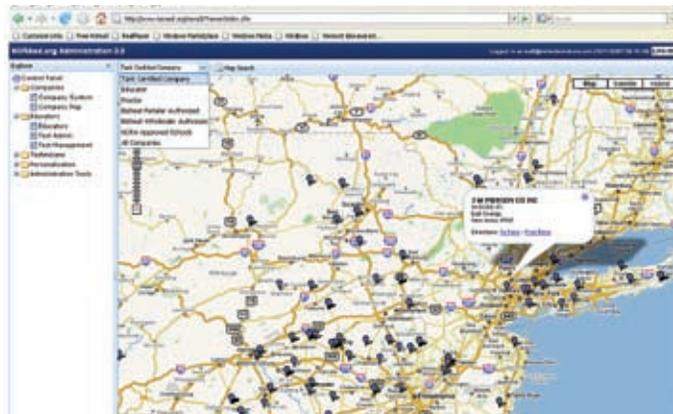


#### UPGRADES TO NORA EDUCATION: [www.noraed.org](http://www.noraed.org)

In light of the growth in classroom seminars and online workshops that have been approved to award NORA CEUs, we have revamped the website for access to certification information.

It now serves as a repository for training records and is accessible by:

- Technicians to look up their CEU progress and certification status
- Students, trainees, and technicians to identify and locate schools for Oilheat education and courses that award CEUs for successful completion
- Technicians and others who want to take online exams that qualify for CEUs (exams are based on training available on several of NORA's videos/DVDs)
- Company managers to review the status of service and personnel engaged in NORA training
- Consumers and others to locate firms that employ NORA certified personnel for equipment maintenance and/or storage tank procedures



# State & Regional Reports

■ Consumer Information

■ Education & Training

■ R&D

## Connecticut

### Independent Connecticut Petroleum Association (ICPA)

■ ICPA's programs focus on three themes: conservation, reliability and the efficiency of modern Oilheat equipment. In 2007 ICPA used consumer "I Am" and "Your Energy Partner" (talking heater) radio spots that focus on Oilheat's partnership with consumers. Our core efficiency campaign relies on these messages and distribution of our Oilheat system report card to existing customers. ICPA builds on that effort by emphasizing that Oilheat can be the "new, alternative fuel of the future that is cleaner and more efficient with dramatically lower emissions provided by the renewable content of Bioheat®.

ICPA participates in the "Build With Oil" program and has expanded its outreach to primary home builders by soliciting builders and contractors to partner with heating oil dealers for market development and housing upgrades of mutual benefit. The 2007 pilot program enabled Oilheat distributors to gain recognition before the builder/contractor community to a higher degree than previously attainable.

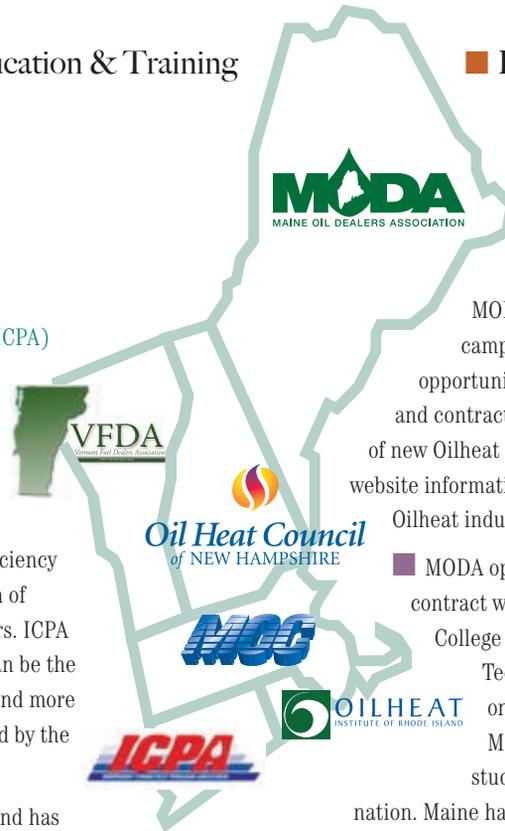
■ ICPA operates its own Technical Education Center (ITEC), whose core mission is to train individuals to enter the HVAC trades in the state to fill job openings created by the retirement of a significant portion of the industry's work force. Aided by NORA funding for course structure and teachers, over 1,500 oil heating technicians, student trainees, and related trades personnel take ITEC courses to qualify for state licensing and attend continuing education seminars.

■ To ensure access to research on global warming and environmental concerns, ICPA makes the data generated by ICPA and NORA available to scientists, energy experts, government officials and the general public. ICPA's efforts have prevented heating oil from being locked out of power generation in the state and have prevented the Department of Public Utility Control from heavily taxing heating oil as a contributor to climate change.

## Maine

### Maine Oil Dealers Association (MODA)

■ MODA informs consumers about the benefits of Oilheat with the "This Little Box" education campaign created to extol the virtues of new Oilheat systems. Its "Energy Partner" program helps consumers to conserve fuel, upgrade systems and appreciate the importance of efficiency during periods of price fluctuations. The association conducts an annual survey to determine consumer attitudes toward Oilheat and other energy sources and uses this data to measure the extent to which the association has affected consumer attitudes over time.



MODA also uses materials from NORA's national media campaign. MODA aims to boost public awareness of the opportunities the industry has to offer students, keep realtors and contractors informed, and educate them about the benefits of new Oilheat technology. This includes new publications and website information, as well as conducting meetings between Maine's Oilheat industry and target groups.

■ MODA operates 160-hour and 200-hour training under contract with the six campuses of the Maine Community College System. MODA uses a similar curriculum at its own Technical Education Center, along with six months on-the-job training under the supervision of a licensed Master Oilheat Technician. This enables a successful student to sit for the Maine Journeyman license examination. Maine has an estimated need for over 500 new technicians.

MODA conducts a program to bring unlicensed drivers up to fully qualified status for hazmat certification and oil delivery. MODA uses NORA funding to provide scholarships for Oilheat technician training and other courses. Continuing education involves electronics, controls, venting, troubleshooting, and environmental protection and customer service. This includes compliance with new regulatory requirements imposed in Maine concerning the removal and replacement of buried, unprotected fuel lines, as well as updated standards for the installation and maintenance of inside and outside oil storage tanks.

## Massachusetts

### Massachusetts Oilheat Council (MOC)

■ The Council used spot messages developed by NORA during 2007 for radio broadcast. It is cost efficient and capable of reaching the target audiences very effectively with the key Oilheat message: "Today's Oilheat – Intelligent Warmth." To further promote Oilheat equipment technology, the Council customarily staffs an Oilheat booth at the annual week-long home show exposition in Boston. The Council continued its consumer education program with Realtors statewide, and distributed consumer education materials to Oilheat customers through the retail Oilheat dealer base.

■ The Council sponsored a series of training activities in order to raise the number of qualified Oilheat technicians in Massachusetts, and enhance the knowledge and abilities of Oilheat business owners, technicians and other employees. Oilheat training scholarships and/or subsidies were awarded to participants at the New England Fuel Institute, R.W. Beckett School, NORA approved tank training sessions, Massachusetts Oil Burner Code Seminars and NORA training programs for Silver and Gold level certification.

## New Hampshire

Oil Heat Council of New Hampshire (OHC of NH)

■ The Council employed radio, newspaper and “New Hampshire Magazine” to spread the Oilheat message. As in the past, the campaign ran during the November-March time period. Creative material was developed by a New Hampshire advertising firm and included radio, newspaper and magazine insertions using the familiar and respected spokesperson personality, Fritz Wetherbee. The Council introduced a new and younger generation Oilheat consumer during 2007, using an actress to pose as Mr. Wetherbee’s granddaughter. OHC also took part in the 2007 New Hampshire home show.

■ New Hampshire’s efforts included 20 full scholarships for Oilheat technicians and 90 Gold and Silver NORA certification scholarships.

## Rhode Island

The Oil Heat Institute, Inc. (OHI of RI)

■ The Oil Heat Institute, Inc. used a television and radio campaign that incorporated ESPN Monday Night Football, along with the purchase of additional media time within the network that serves Rhode Island.

OHI RI has established the NORA Outreach Facilitator program with positive results and has subsequently expanded its coverage to include high schools and career days to encourage students to enter the Oilheat field. Other programs include those designed to build relationships with realtors, builders and home inspectors. OHI RI coordinates annual seminars for technical education for the above-mentioned groups, including a second builders’ association function similar to the highly successful 2006 event.

■ Rhode Island held three Basic Oilheat Technician courses (required for basic licensing in RI) along with an Advanced Oilheat Tech Course, which is required to test for second and third level of Rhode Island licensing.

## Vermont

Vermont Fuel Dealers Association (VFDA)

■ VFDA used the television, radio, and out of home materials developed by NORA for these purposes.

■ VFDA subsidized Oilheat education and training offerings for 75 Oilheat courses in Vermont and New Hampshire. VFDA’s mission is to provide quality Oilheat education to both Vermont and New Hampshire personnel. In total, the association holds over 100 classes a year in locations in both states so training is accessible to all technicians.

■ To facilitate research and development, VFDA is involved in a Bioheat® Tank Project — a collaborative project involving the Vermont Fuel Dealers Association, NORA, NBB and others to study the impacts of bioblends on existing heating oil tanks.

**Realty** Winter 2007 **SOLD**  
A Newsletter for Real Estate Professionals and Homebuyers in Massachusetts  
www.massrealty.org

### MOC Oilheat-Reality Partnership Program Events Have "Mass" Appeal!

Home and Cape Cod Events Educate Real Estate Professionals, Provide Homeowner Opportunities for Oilheat Solutions

Dozens of real estate professionals and Oilheat dealers attended recent Events on September 13 and November 16 to attend the Massachusetts Oilheat Council's Oilheat-Builder Partnership Program "Equipment Breakdown" events.

As part of these two informative events, attendees were treated to a luncheon before heading to presentations by Oilheat expert David A. Howe and the opportunity to network and discuss system energy issues. Attendees left with comprehensive resources to help them sell more Oilheat homes — greater knowledge of the benefits of heating oil — and access very popular Bioheat (see below).

"Real estate professionals came to us to see the system and tell us how the knowledge they gained would help them help by directing and selling more Oilheat homes to prospective buyers," says Bob Flynn. "Plus, Oilheat dealers have connected with those real estate pros — lots of talk in the state of beautiful Bioheat."

"The MOC Oilheat-Reality Partnership is successfully placing these homes across," says Bob Flynn. "Home buyers who are smart and forward-thinking. We expect a good return, and we encourage you to get more professionals on BHPF in your area."

"It is those who attended the September luncheon, thank you for your support as we continue to work toward a successful partnership that will strengthen and sustain both the Realty and Oilheat industries."

"By the photos of the September events, please go online to www.massrealty.org and click on "Ready Events."

**Breakfast Event Attendees Are "SOLD" on Oilheat!**

"The MOC informative sessions were very informative and has helped me to present oil-fired boilers as an alternative!"

— Randy Wilbur, Randy Wilbur of Co., Danvers

"I will add your website link to my site!"

— Jon Deegan, Conway 27 Cape Cod, Southold

"Great program, very informative. I like the idea of being in the MOC Oilheat-Reality Partnership — it's great for referrals!"

— Dick England, Chelsea Chelsea Realty, Ipswich

**We Were at the Massachusetts Association of Builders' Conference, Too!**

Representatives of the Massachusetts Oilheat Council's Oilheat-Builder Partnership Program presented hundreds of real estate professionals at the 2007 Conference at the Boston Sheraton Hotel from October 9-11. Builders' support is key to the success of the program, and we are glad to see realtors and home owners alike using Oilheat products.



# In Any Language, Today's Oil Heat Delivers Intelligent Warmth

En cualquier idioma la energía que se obtiene de este aceite es un calor eficiente

无论用何方言，  
现今的石油暖气  
就是为您带来明智的温暖

Nous pouvons l'affirmer dans toutes les langues : le chauffage à mazout est aujourd'hui synonyme de chaleur intelligente.

In ogni lingua, oggi il riscaldamento a nafta è sinonimo di calore intelligente

Нефтяное отопление – самое рациональное на сегодняшний день



www.nyoha.org



www.intelligentwarmth.com

## New Jersey

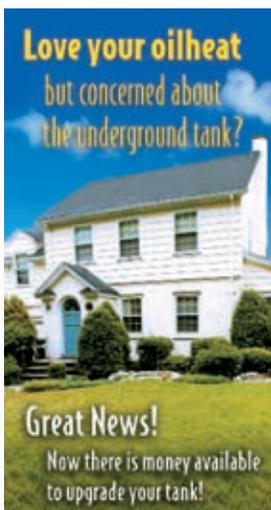
### Fuel Merchants Association of NJ (FMANJ)

FMA expanded its reach in 2007 by engaging New York City and Philadelphia media outlets that reach adjacent New Jersey markets. Radio materials developed by NORA were used for this purpose.

The association also developed and distributed materials to Oilheat customers about the program available from the State of New Jersey that encourages the proactive replacement of underground heating oil tanks.

Since NORA's inception, FMA has strived to educate and train real estate agents about the benefits of Oilheat including new efficient heating systems and advances in Oilheat storage. FMA partnered with a marketing company to develop the Partnership for Realty and Oilheat Success (PRO\$) Program. This program now provides training to home inspectors. In 2007 FMANJ arranged for presentations of this program to over fifty real estate meetings around the state. In addition, FMA exhibited at the Realtors Convention in Atlantic City.

FMA sponsored training sessions for all levels of Oilheat employees, including NORA Gold, Silver, and Bronze technician certification courses. In addition, seminars were held to educate management on how to comply with environmental and transportation regulations that affect the industry and are of importance to consumers. In tandem with that activity, FMA partners with the National Association of Oil Heating Service Managers (NAOHSM) to offer tank certification programs developed by NORA.



## New York State

### The Empire State Petroleum Association, Inc. (ESPA)

ESPA continued to make residents of New York state aware of the benefits, efficiencies and modern characteristics of Oilheat for their homes. Our activities to inform Oilheat consumers about energy conservation make a major point of demonstrating how improved efficiency measures in the home result in reduced fuel use. Through brochures, direct mail, and web site information, we assisted consumers in the proper planning and budgeting for their heating needs and have provided distributor members with the appropriate Oilheat statement inserts twice during the year.

Ongoing programs for the owners and employees of petroleum marketing companies have gained in importance, with programs focusing on the training of Oilheat technicians and other industry professionals to ensure that consumers receive proper attention to and effective maintenance for their heating systems. These professionals serve as ambassadors for Oilheat companies as they educate the Oilheat consumer on the safety and comfort value of their equipment. ESPA provides newsletters, direct mail, web site information, classroom training, and regional instruction on these subjects, as well as securing guest lecturers at regional and statewide meetings.

### Hudson Valley Oilheat Council

The Council has joined with the Tri-State Oilheat cooperative effort among New York, New Jersey and Connecticut to use television and radio as media outlets to advocate Oilheat. The council uses its website and newsletters for the purpose of more local communications. The Realtor Program has been ongoing for several years. It is a successful extension of the Council's outreach to professionals who impact consumer decisions in the course of their livelihood.

Programs continued with training classes for area oil dealers and service technicians. We also fund equipment donations to local schools that provide training to men and women who plan on entering the service technician field.

## Oil Fuel Institute of Central New York (OFICNY)

OFICNY used NORA television and radio announcements to promote Oilheat throughout the central state marketing area. Television is very cost effective in this region, so about three quarters of the Institute's NORA-funded communications budget is allocated to TV.

OFICNY believes the best and most direct way to promote Oilheat is to ensure that the industry has properly trained employees. The 2007 education and training efforts extended and improved upon the prior year's successful service training and procedures program. The Institute was able to take the program on the road and has since established a Basic Oilheat Program through the Binghamton BOCES (Board Of Cooperative Educational Services) education curricula. Their ultimate aim is to be able to reproduce this customized education at other BOCES and technical colleges throughout central New York state.

With BOCES as a catalyst, school districts develop shared programs that serve children from all districts regardless of enrollment, income or size of tax base. The stream of shared services aid has enabled districts to offer an array of training programs, in this case Oilheat vocational training at the high school level, that may otherwise not have been available to students. In addition, the Oil Fuel Institute offers technical training scholarships that cover one half of the course fee for attendees to the Rood training facility in Auburn, New York.

### Long Island, New York, operating as Oil Heat Comfort Corp., Inc. (OHCC)

OHCC used the radio, television, print and "out-of-home" creative materials developed by NORA for broadcasts and related campaigns. We are also reinforcing and expanding the comprehensive realtor outreach program initiated last year throughout Long Island.

OHCC has partnered with Suffolk County Community College (SCCC) to establish an HVACR Technical Training Center. Now in its fourth





year, the Center is the only such comprehensive technical training program on Long Island certified by the NYS Dept. of Education to provide an Associates Degree in HVACR Applied Sciences. OHCC also supports the Nassau/Suffolk BOCES-HVAC Training for high school juniors and seniors.

The HVACR Training Center consists of laboratories with live-fired equipment, computers and classrooms. It is available for the use of OHCC to provide extensive Oilheat technical programs in continuing education when not in use by the college. We have retained a technical training consultant and program coordinator for curriculum development and oversight.

**New York Oil Heating Research Alliance, (NYOHRA) Division of New York Oil Heating Association, Inc.**

NYOHRA uses radio and out-of-home materials produced by NORA to promote Oilheat to homeowners in the City of New York and surrounding communities. Due to the expense of placement of TV announcements within the NY metro area, NYOHRA is not using television as a consumer education vehicle at this time. Accordingly, NYOHRA has continued placing substantial radio time for Oilheat messages. Billboard sponsorships and mass transit displays within the city's five boroughs reinforce Oilheat's on-air presence. We have been very successful in gaining visibility for Oilheat by utilizing king size bus posters, exterior bus tails, and New York subway interior car cards.

NYOHRA distributes two newsletters: a consumer newsletter entitled "Hot Ideas!" and a Realtor/Home Inspector's newsletter, "The NY Realtor." We have joined five local Realtor-affiliated associations and participated in their respective trade events. We also supply "Welcome Home" and "Realtor Tank" brochures, incorporating Spanish as well as English versions.

NYOHRA supports three local vocational high schools by updating their laboratories and testing graduating students for Bronze Certification.

**Oil Heat Institute of Eastern New York (OHIENY)**

OHIENY relied on the same media strategy as the prior year using the radio and TV messages developed by NORA for these broadcasts in markets that serve Eastern New York State homeowners.

OHIENY maintained its Oilheat-Realty Partnership Program that provides educational outreach to realtors and consumers about the benefits of Oilheat homes.

OHIENY offered training through the Hastings Technical Training Center in Troy, NY, and via NORA technical certification classes.

**Empire State Petroleum Association, Western New York (ESPA/WNY)**

ESPA/Western NY used the radio and television commercials developed by NORA for broadcasts and follows appropriate media strategy.

ESPA/Western NY also offered Oilheat technical training and certification developed by NORA, taught by accredited instructors.



**Pennsylvania**

**Pennsylvania Petroleum Marketers & Convenience Store Association (PPMCSA)**

PPMCSA made use of the respective television, radio, and out-of-home materials developed by NORA. The television media buy strategy aims to reach all areas of Pennsylvania, a state with many diverse socio-economic markets and lifestyles. A companion statewide radio campaign reserved media time in all areas of the state. PPMCSA used billboards in rural areas not well served by electronic media and at several sports venues.

PPMCSA Education Center programs and NORA technical courses were conducted throughout the state. PPMCSA also sponsored builders and realtor programs with accompanying exhibits at builder's shows in Harrisburg and Reading and a builder education program in Chambersburg. Realtor programs were conducted in Reading and Philadelphia using NORA materials.



## NORTH CAROLINA FIELD ENGINEERS HYBRID OIL/ELECTRIC HEAT PUMP

With the support of a NORA grant, the NC Petroleum Marketers Association (NCPMA) and Thermo-Pride have converted the manufacturer's Oil Pack™ to operate as a hybrid heat pump. Hybrid heating systems, similar to automobiles, have become more attractive to the public at large and are well suited to the mid-Atlantic climate zone.

NCPMA believes that a hybrid oil/heat pump package unit will open up the new home market for oil. This could also pave the way for oil-fired water heating equipment for new homes as consumers seek hybrids for comfort and economics. The reduction in heating costs should offset the incremental cost of the hybrid unit.

Heat pump operation begins at outdoor temperature of 65° and ends at outdoor temperature of 36°. Heating oil will be used at temperatures below 36°, during equipment defrost cycles and calls for emergency heating or for quick heat recovery.

NCPMA hopes to prove that:

- Hybrid system heating operation is more cost efficient than stand alone oil or heat pump.
- Hybrid system provides greater comfort at lower costs that the stand alone heat pump cannot.
- Hybrid system provides quick, economic heat recovery.
- Hybrid system using heating oil is feasible.

Timothy Laughlin, PE, NCPMA Technical Director, will provide NORA with a report on system performance and operational cost.



## Mid-Atlantic Petroleum Distributors Association

(MAPDA is comprised of Maryland, Delaware, and the District of Columbia)

■ In 2007 MAPDA devoted its NORA-allocated resources to a target-market radio campaign using NORA-developed radio spot broadcast messages and a continuation of distributing Oilheat advocacy literature via direct mail, dealer-to-customer mailings, and in-person handouts at events such as home shows. (*MAPDA Connects With Realtors*, p. 24)

■ MAPDA provided extensive support to technical training by the Mid Atlantic Service Managers Association, the Maryland chapter of the National Association of Oil Heating Service Managers (NAOHSM), seminars conducted directly by NAOHSM, and several driver training programs under the auspices of the North American Transportation Consulting group.

## North Carolina

North Carolina Petroleum Marketers Association (NCPMA)

■ NCPMA conducts a diverse statewide information campaign, including: a continuation of programs with the North Carolina Association of Realtors and Home Inspectors; a statewide billboard campaign; radio network promotions; advertisements in statewide newspapers; statement stuffers promoting fuel oil's advantages; a cost-share program for Oilheat distributors using NORA literature and statement stuffers; and, an Oilheat sponsorship of University of North Carolina basketball events.

Television campaigns target counties with the most oil heated homes based on the recent census data. NCPMA has put additional emphasis on reaching homeowners in the western part of the state with the use of independent radio stations. The two new statement stuffers promote fuel oil's advantages as a home heating fuel with space provided for local oil companies to custom imprint.

NCPMA has also instituted a program that encourages delivery personnel to advise homeowners about the benefits of automatic fuel delivery.

■ North Carolina training actions include equipment donations for Habitat for Humanity, six new high efficiency furnace units for community colleges with HVAC programs, and participation in industry trade shows. NORA educational products being used include literature and videos and various training curriculum.

## Virginia

Virginia Petroleum, Convenience and Grocery Association (VPCGA)

■ VPCGA programs aim to make Virginia residents aware of the benefits, efficiencies and modern characteristics of Oilheat for their homes, and reinforces the industry's education points on conservation measures. VPCGA also assists end users in the proper planning and budgeting for their heating needs. Supporting information is made available via brochures, direct mail programs, and website information.

VPCGA conducts programs addressing the needs of the owners and employees of petroleum marketing companies in Virginia. The specific training of Oilheat technicians and other industry professionals remains paramount to providing proper service and effective maintenance to heating systems. These professionals also serve as representatives for Oilheat companies and the industry at large as they educate homeowners on the safe and proper operation of their heating systems.

■ VPCGA coordinates industry education activities with volunteer leaders across the state during the year, holding comprehensive training seminars in the process.

Information outreach by NORA state affiliates takes many forms and utilizes diverse media, including print, direct mail, and television.



**Tony Baril is one of 8,000+ people whose job it is to keep Maine warm.**

Eighty percent of Maine homeowners heat with oil. That takes more than 8,000 Maine people working for hundreds of independent, mostly small family-owned heating dealerships — people just like Tony Baril. For decades, Oilheat has been an excellent choice for Maine. And Maine's oil dealers are working to keep it that way — by promoting highly efficient, modern heating systems, introducing domestically produced, renewable biofuels, and by encouraging conservation which reduces both consumer costs and emissions. Learn more about conserving energy at [www.meoil.com/tips.asp](http://www.meoil.com/tips.asp) - compliments of the people who keep Maine warm.



**Maine's Home Energy Partners**

[www.meoil.com](http://www.meoil.com) / [www.oilheatamerica.com](http://www.oilheatamerica.com)

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## Indiana

Indiana Petroleum Marketers & Convenience Store Association (IPCA)

■ Indiana conducted statewide radio campaigns via Network Indiana, a statewide radio network, in both spring (March-April) and fall (September-November) of 2007. The spots used creative materials developed by NORA.

■ The organization conducted an Oilheat Management Seminar at the annual M-PACT trade fair and business conference to continue its education and training efforts.

## Kentucky

Kentucky Petroleum Marketers Association

■ Kentucky used commercials developed by NORA to promote Intelligent Warmth. Due to the rural demographics of Kentucky's Oilheat marketplace, the Association continued to use radio, a medium more effective in this region, with a campaign that ran from May 31, 2007 to March 31, 2008. The advocacy material included the "Talking Heater Series," which educates the public on the vast advancements this industry has accomplished. Kentucky also continued to sponsor NORA education and training, focused on educating the industry on Oilheat, Bioheat® and current manufacturers' products.

■ Kentucky held a two-day NORA Track at the regional M-PACT conference and held other NORA seminars during 2007. The association continues its program of operational advice to dealers. This includes training by experts in the areas of Oilheat, underground and above ground storage tanks, along with participation in the Kentucky Clean Fuels Coalition for education and training pursuant to Bioheat®.

## Michigan

Michigan Petroleum Association/Michigan Association of Convenience Stores (MPA/MACS)

■ MPA/MACS sponsored NORA messages on home-oriented radio programs during 2007 as part of its consumer education program. In addition, Michigan provided "Michigan Energy Watch Newsletters" to all Michigan Oilheat dealers for subsequent distribution as bill inserts or promotional pieces.

The creation of a new Michigan Oilheat website for consumers and industry representatives now provides useful information about Oilheat and new technology. Michigan has created outreach programs with Realtors, Home Inspectors, Builders and HVAC groups. The programs include newsletters, trade show appearances, advertising in trade publications and providing speakers at meetings sponsored by these groups.

■ MPA/MACS created and distributed a Heating Oil Storage Tank Guide with Michigan-specific information to all Oilheat distributors in the state. Presentations by industry experts on tanks and service and operations were held at various industry events during the course of the year.



### MAPDA CONNECTS WITH REALTORS

After friends, relatives, neighbors and dealers themselves, realty agents are likely to exert the most influence on homeowners, more so today with the growing buyer attention to energy resources when purchasing an existing home. In the spring of 2007, MAPDA took a step forward with a proactive campaign to properly communicate with realty personnel throughout their regional marketplace.

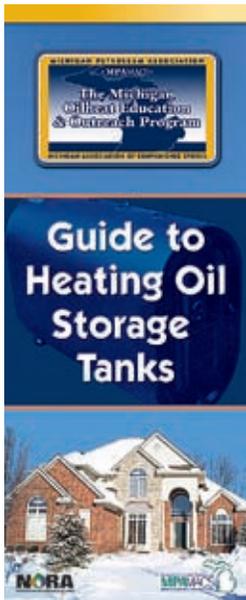
Expectations were met... and exceeded. The reaction by Realtors was very positive and reinforced the value of a forthright communications program that educates those outside — yet influential over — our industry about the virtues of today's Oilheat.

Realtors have become more appreciative of Oilheat's deliverable product and services and now rely on technically accurate and enlightening information when advising potential home buyers about fuel choice.

All told, 23 presentations were conducted by consulting staff and an expanding roster of MAPDA volunteer presenters. Agents told MAPDA that the information provided allows them to confidently address issues and deal with concerns that caused confusion before. More than 130 realty offices have received materials, and thirty thousand realty personnel working in the combined marketing area receive up-to-date pro-oil information on a regular basis, due to Oilheat's presence in the largest trade publication distributed to area Realtors. All Realtor offices that carry Oilheat materials have specifically requested the informational literature.

MAPDA has also established a "multi-touch" campaign whereby they follow up with Realtors and keep in touch so the message stays fresh, and not forgotten. They talk regularly with every realty office they contact, offer refresher presentations, and restock these offices with Oilheat pamphlets, such as "The Homeowner's Guide to Oilheat" (available at [norastore.org](http://norastore.org)).

The direct contact effort, in tandem with the magazine content is reinforcing the benefits a local dealer can provide to Realtors and homeowners during the transaction of an oil heated home. It is definitely an asset in helping agents effectively sell more oil heated homes.



## Ohio

### Ohio Petroleum Marketers & Convenience Store Assn. (OPMCA)

■ Various communication strategies have been used to meet the information objective, including use of the statewide network for Ohio State University sports. NORA provides the radio messages.

OPMCA continues to sponsor its PRO\$ Realtor Program to inform Realtors about the benefits of houses heated with oil. The materials provided are a helpful resource for Realtors. The 2007 effort included presentations before Realtor audiences, visits and calls; mailing distribution; trade show participation and creating an information database for access by Realtors. In addition, four inserts were developed for marketers to use as bill inserts or stand-alone brochures for homeowners and existing Oilheat consumers.

■ With an assist from burner manufacturer Beckett, OPMCA helped fund the training costs of Oilheat technicians at numerous workshop instruction sessions. In cooperation with other Oilheat groups from Midwest states, OPMCA conducted seminars at M-PACT, the regional trade show and convention for the states of OH, KY, IN and IL. Other seminars and events were also held for technicians and Oilheat employees.



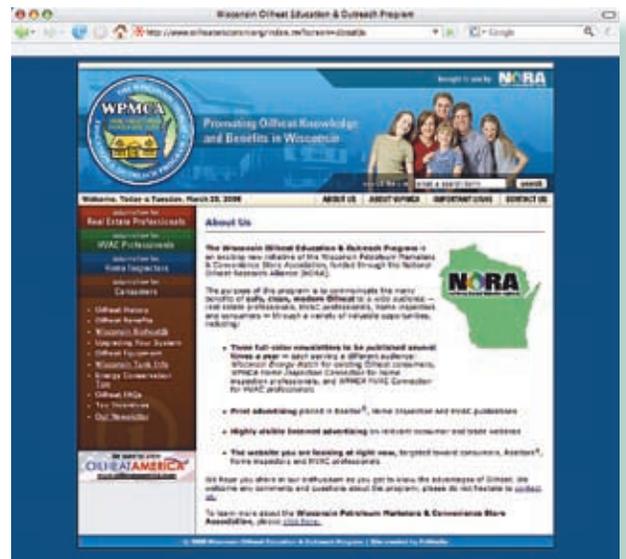
## Wisconsin

### Wisconsin Petroleum Marketers & Convenience Store Association (WPMCA, Inc.)

■ WPMCA relies on direct marketing strategies to maximize communications to existing customers. Using regularly scheduled newsletters available to Wisconsin's Oilheat dealers, the association is able to disseminate valuable information to consumers about the efficient use of Oilheat.

WPMCA also reaches professionals who influence consumers, such as home inspectors, realtors and heating and cooling contractors. We direct newsletters at these professional groups, as well as targeted print display messages appearing in magazines and on websites for their respective fields. WPMCA exhibits each year at the Wisconsin Realtors Association (WRA) convention. Printed material designed for this audience advises them on the proper descriptions and benefits to indicate when listing and selling properties heated with oil. WPMCA has developed a good rapport with the Wisconsin Association of Home Inspectors and was able to have an Oilheat representative as a speaker at the home inspectors 2007 state convention.

■ WPMCA concentrates on training within the Oilheat industry as well as training for professionals in adjunct industries, such as home inspectors and realtors. In 2007, WPMCA arranged for a NORA Bronze apprentice training program that was presented at vocational colleges in Wisconsin.



Storage tanks, fuel conservation, and Oilheat attributes via web sites received attention in the middle USA states during 2007.



## Nevada

### Nevada Petroleum Marketers Association & C-Store Association

■ Nevada Petroleum Marketers Association devoted its allocated funds to consumer outreach and disseminated education messages via television, using the media content developed by NORA. Spots were broadcast using the network media that serve the appropriate heating markets in the state.

## Idaho

### Idaho Petroleum Marketers & Convenience Store Association (IPMCSA)

■ Idaho continued its education and training program in 2007, using NORA funds to set up training sessions focused on certifying service technicians, certifying a proctor and conducting certification and training classes that awarded CEUs to students.

## Oregon

### The Oregon Petroleum Association (OPA)

■ OPA conducts public relations for heating oil dealers, extending the outreach to advancements in Oilheat systems, along with the movement toward Bioheat® applications. A second objective is to gain heightened consumer awareness of the website and printed material developed over the last couple of years. The campaign is proving more effective than purchasing conventional print media display space and radio air time. The association also communicates with Oregon based real estate bloggers to dispel the myths and misconcep-

tions that remain within the real estate industry in the OPA region.

Educating people about their existing Oilheat systems and how to keep them in good working order is receiving more attention. Outreach efforts include scheduled meetings with Realtors — talking up Oilheat benefits and current regulations regarding underground tanks. We have established an Oregon Oilheat Help Desk which can be reached Mon. – Fri., 8:00AM to 5:00PM.

## Washington

### Pacific Northwest Oil Heat Council

■ For its consumer education programs, Washington used the radio and television commercials developed by NORA for its broadcasts to reach the concentrated Oilheat markets that serve the state, including a network affiliated television station and N.W. Cable News.

■ The education and training effort for 2007 consisted of advancing the content and level of training that the Council has disseminated over the past several years.



"New technology reduced my oil consumption by 25%."  
- Paul, LONDONDERRY



"Even though my family is bigger, I use less oil than ever."  
- Nicole & Joanne, SANDOWN



"Upgrading my oil furnace gave me a tax credit."  
- Keith, CANDIA



"In 30 years, we've never had a problem."  
- Greg, RUMNEY



"Oil heat is safe."  
- Charlie, PLYMOUTH



"A simple tune-up helped me save on my heating bills."  
- Dennis, CONCORD



"Oil heat made it easier for us to sell our home."  
- Cindy & Scott, NASHUA



"Budgeting programs make oil heat affordable."  
- Marilyn, KEENE

The New Hampshire program has customers involved and expressive about the virtues of an Oilheat home.

Meet the many faces of New Hampshire's

# OIL HEAT

*Fritz Wetherbee*  
Fritz Wetherbee, ACWORTH



With reasons like these, it's no wonder more New Hampshire people, including me, trust clean, comfortable oil heat to keep their homes toasty warm all winter long. Learn the benefits of heating your home with today's oil heat. Visit [www.nhoilheat.com](http://www.nhoilheat.com).



Comfort & dependability you can trust



National Oilheat Research Alliance, established by Congress to develop clean and efficient oilheat technologies and to provide information to consumers.

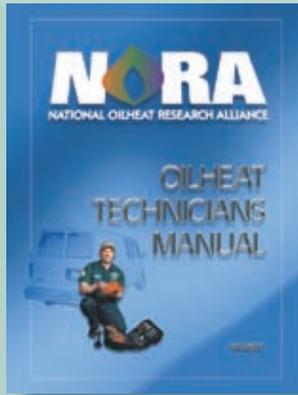


The NORA online store has proved to be a successful venture since it was first posted on the Internet in 2002. The store provides access to a broad library of up-to-date literature, textbooks, videos and DVDs — all dealing with Oilheat. As of January 1, 2008, the store had cumulatively distributed over 17,000 Oilheat training manuals, over 24,500 training videos and DVDs, and nearly 2,000 efficiency textbooks. Over 150,000 guides and efficiency pamphlets have reached consumers by way of fuel dealer purchases from the NORA store — in addition to several hundred thousand brochures that have been provided by state and regional associations. Over 3,700 each of the oil storage tank installation and maintenance guide and the guide for home inspectors have also been sold by the store. Items can be purchased at NORAstore.org or via phone to the NORA fulfillment office at 866-924-1100.

## RE: Storage and delivery

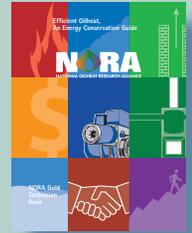
NORA continues to work with the Institute for Business & Home Safety (IBHS) and to educate insurance agents about the inherent safety of heating oil, new storage tank products being introduced, and new technology. We have prepared an Insurance Primer for underwriters and agents. The 20-minute presentation has been well received by insurers and is suitable for professional audiences that may have questions about Oilheat delivery and storage procedures. It was presented at the IBHS Annual Meeting and has been reproduced by insuring companies under their own identity. NORA will develop information criteria and storage methods documentation for the home insurance industry as appropriate. (The presentation is in a Flash™ file format and can be viewed and downloaded from the home page at nora-oilheat.org.)

As part of its ongoing support and training for the heating oil industry, NORA has created various training programs with respect to the transport and delivery of fuel to homes and businesses, most often in increments of 160 gallons or less. Given the growing attentiveness to the environment by the industry NORA developed a guidance document for corrective action should there be a release of product at the delivery point. In the majority of situations, these releases are very small and can be addressed quickly. The document offers a consistent, technically accurate and easily implemented remedial process. A copy of the document, including visual inspection and evaluation checklists, is available upon request to the NORA office.

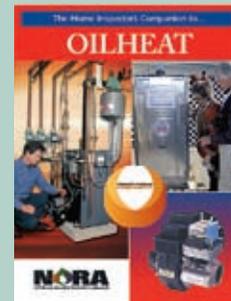


New Edition,  
Oilheat  
Technicians  
Manual

Efficient Oilheat  
Conservation Guide

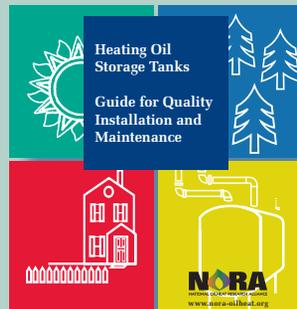


Oilheat  
Training  
Videos  
and DVDs

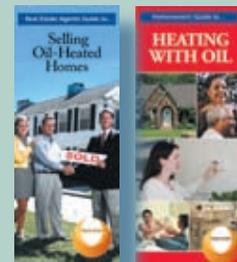


Oilheat  
Guide for  
Home  
Inspectors

Oil Storage Tank  
Installation & Maintenance



Realtor  
and Consumer  
Pamphlets



# National Oilheat Research Alliance

President: John Huber, National Oilheat Research Alliance, 600 Cameron Street, Suite 206, Alexandria, VA 22314



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Jim Townsend



First Vice Chairman  
Robert Boltz



Second Vice Chairman  
Sean Cota



Consumer Education  
Lawrence Scuder



Research & Development  
Peter Carini



Education & Training  
Robert Boltz



President  
John Huber

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Treasurer: John Maniscalco, New York Oil Heating Association, 14 Penn Plaza, Suite 1102, New York, NY 10122

Molly Brady, First Call Heating & Cooling, 1650 NE Lombard, Portland, OR 97211

Jim Buhrmaster, Buhrmaster Energy Group, Scotia, NY 12992

Will Lawes, Lawes Fuel Corp., P.O. Box 258, Shrewsbury, NJ 07702

Michael Romita, Castle Oil Corp., 500 Mamaroneck Ave., Harrison, NY 10528

Lawrence Scuder, Combind Oil Corp, 1479 Williamsbridge Rd., Bronx, NY 10461

Eric S. Slifka, Global Partners LP, 800 South Street, Waltham, MA 02454

Jim Woodruff, E.M. Sergeant, 542 E. Michigan Ave., Kalamazoo MI 49007

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Woodfin Oil  
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■ Jim Woodruff (9)  
E.M. Sergeant  
Kalamazoo, MI

Norman Woolley, Sr. (8)  
Woolley Fuel Co.  
Maplewood, NJ

(7) Term Expires 12/07  
(8) Term Expires 12/08  
(9) Term Expires 12/09  
(10) Term Expires 12/10

■ Member of NORA  
Executive Committee

## Remarks from NORA's Treasurer

The Finance Committee of the National Oilheat Research Alliance (NORA) is comprised of Chairman Sean Cota, and Messrs. Devine, Maniscalco, Noonan, Romita, Scuder, and Boltz in an Ex-Officio capacity. The Committee's responsibilities include oversight with respect to:

- the quality and integrity of NORA's financial statements;
- the independent auditor's qualifications;
- the performance of NORA's internal accounting function; and,
- the compliance with all accounting and regulatory requirements.

Also included within the purview of the Finance Committee is the preparation of all reports required to be included in NORA's Annual Report as stipulated in the National Oilheat Research Alliance Act of 2000, Public Law 106-469.

In reference to 2007's programs, which included Consumer Education Production, Research and Development, Education and Training, and State Grants, NORA allocated a total of \$13,426,902. In 2006 NORA committed \$14,351,283.

Grants involving 2007 Consumer Education, which included Production and Internet Communications, totaled \$12,201,674, as compared to \$13,050,559 in 2006. Research and Development was allocated \$580,114 in 2007 as compared to \$637,862 in 2006, and Education and Training was allocated \$645,114 in 2007 as compared to \$662,862 in 2006.

NORA's total 2007 administrative expenses amounted to \$556,266 as compared to 2006's administrative expenses of \$520,275. The change in unrestricted net assets, due to this winter's late start and the energy conservation efforts of consumers, has resulted in a decrease in net assets of (\$159,997). It's important to note that that figure is 89.6% less than 2006's decrease in net assets of (\$1,534,122).

After factoring in the beginning of the year's net assets of \$2,049,534, NORA ends calendar year 2007 with total net assets amounting to \$1,889,537.

Respectfully submitted,

John D. Maniscalco, Treasurer  
National Oilheat Research Alliance



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## Independent Auditor's Report

Board of Directors  
National Oilheat Research Alliance, Inc.  
Alexandria, Virginia

We have audited the accompanying statements of financial position of the National Oilheat Research Alliance, Inc. as of December 31, 2007 and 2006, and the related statements of activities and cash flows and for the years then ended. These financial statements are the responsibility of the Alliance's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the National Oilheat Research Alliance, Inc. as of December 31, 2007 and 2006, and the change in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

ROSS, LANGAN & MCKENDREE, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS  
MCLEAN, VIRGINIA  
JUNE 9, 2008

# National Oilheat Research Alliance, Inc.

## EXHIBIT A: CONSOLIDATED STATEMENTS OF FINANCIAL POSITION FOR THE YEARS ENDED DECEMBER 31, 2007 AND DECEMBER 31, 2006

	2007	2006
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$5,576,235	\$4,574,155
Assessments receivable	4,136,579	3,862,478
Prepays and other current assets	-	2,066
Publications inventory	158,139	398,459
Total current assets	9,870,953	8,837,158
<b>PROPERTY AND EQUIPMENT</b>		
Office equipment	8,134	8,134
Computer equipment	7,234	6,262
	15,368	14,396
Less accumulated depreciation	(11,917)	(9,749)
Total property and equipment	3,451	4,647
<b>TOTAL ASSETS</b>	<b>\$9,874,404</b>	<b>\$8,841,805</b>
<b>LIABILITIES AND UNRESTRICTED NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accrued expenses	\$376,584	\$474,060
Grants payable	1,636,993	1,441,511
State grant obligations	5,971,290	4,876,700
<b>TOTAL LIABILITIES</b>	<b>7,984,867</b>	<b>6,792,271</b>
<b>NET ASSETS</b>		
Unrestricted net assets	470,666	630,663
Board designated net assets	1,418,871	1,418,871
Total net assets	1,889,537	2,049,534
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$9,874,404</b>	<b>\$8,841,805</b>

## EXHIBIT B: CONSOLIDATED STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED DECEMBER 31, 2007 AND DECEMBER 31, 2006

<b>REVENUE AND SUPPORT</b>		
Assessment revenue – net	\$14,001,145	\$13,330,306
Interest income	314,418	325,940
Other income	146,496	158,872
Total revenue and support	14,462,059	13,815,118
<b>EXPENSES</b>		
Programs:		
Consumer education production	1,468,000	1,548,000
Research and development	580,114	637,862
Education and training	645,114	662,862
State grants	10,733,674	11,502,559
Total program expenses	13,426,902	14,351,283
Administrative expenses:		
Administrative costs	554,098	518,352
Depreciation	2,168	1,923
Total administrative expenses	556,266	520,275
General and special projects:		
Special projects	51,194	105,032
Collection costs	180,000	228,592
Publication costs	407,694	144,058
Total general and special projects	638,888	477,682
Total expenses	14,622,056	15,349,240
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	<b>(159,997)</b>	<b>(1,534,122)</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>2,049,534</b>	<b>3,583,656</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$1,889,537</b>	<b>\$2,049,534</b>

## EXHIBIT C: CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2007 AND DECEMBER 31, 2006

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in unrestricted net assets	(\$159,997)	(\$1,534,122)
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities		
Depreciation	2,168	1,924
Changes in assets and liabilities:		
(Increase) decrease in assessments receivable	(274,101)	732,696
(Increase) decrease in prepaids/deposits	2,066	3,103
(Increase) decrease in publication inventory	240,320	(173,225)
Increase (decrease) in accrued expenses	(97,476)	(425,521)
Increase (decrease) in grants payable and state grant obligations	1,290,072	1,911,253
Total adjustments	1,163,049	2,050,230
Net cash provided by operating activities	1,003,052	516,108
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(972)	(3,213)
<b>NET INCREASE IN CASH</b>	<b>1,002,080</b>	<b>512,895</b>
<b>CASH - BEGINNING OF THE YEAR</b>	<b>4,574,155</b>	<b>4,061,260</b>
<b>CASH - END OF THE YEAR</b>	<b>\$5,576,235</b>	<b>\$4,574,155</b>

See independent auditor's report. The accompanying notes are an integral part of these financial statements.

NATIONAL OILHEAT RESEARCH ALLIANCE, INC.  
 CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

See independent auditor's report. The accompanying notes are an integral part of these financial statements.

NOTE 1 - THE ORGANIZATION

The National Oilheat Research Alliance, Inc. (the Alliance) is a non-profit trade organization developed under the National Oilheat Research Alliance Act of 2000 (NORA), Public Law 106-469, legislation passed by the U.S. Congress and signed into law in November, 2000. The Alliance was created to educate consumers about the benefits of oil heat, to perform research and development, and technical training to provide better customer service. The Alliance's Board consists of members from the oil heat industry, retail markets, wholesale distributors, public members, and representatives from the states with the highest oil heat sales. The Alliance was incorporated on January 31, 2001.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Consolidation

The financial statements are prepared on the accrual basis of accounting, in accordance with U.S. generally accepted accounting principles.

The 2006 financial statements include a consolidation with National Oilheat Research Institute (NORI). The consolidated financial statements include the accounts of the Alliance and NORI, its wholly-owned subsidiary, after the elimination of all material inter-company transactions and balances.

Accounting Estimates

The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amount of assets, liabilities, revenue and the disclosure of contingencies, if any at the date of the financial statements.

Assessment Revenue

The NORA law requires wholesale distributors of No. 1 distillate and No. 2 dyed distillate to remit an assessment of two-tenths of one cent per gallon at the point of sale. If the No. 1 distillate or No. 2 dyed distillate is imported after the point of sale, the assessment is to be made when the product enters the United States. The assessments are to be remitted to the Alliance quarterly.

Assessments Receivable

An estimate of assessments to be received, but not remitted to the Alliance at the end of the reporting period, are made based on industry statistics.

Property and Equipment

Property and equipment purchased in excess of \$1,000 are recorded at cost. Depreciation of furniture, office and computer equipment is computed by using the straight-line method over the estimated useful lives of the assets. Estimated useful lives by category are:

- Office equipment - 5 years
- Computer equipment - 3 years

Publications Inventory

Inventory consists of publications and is recorded at cost.

Consumer Education

Consumer education costs are expensed as incurred. Consumer education activities include direct communications with consumers through broadcast media (television and radio), direct mail, internet and outdoor advertising. Total costs for the years ended December 31, 2007 and 2006 were \$8,105,063 and \$8,837,821, respectively.

Interest Income

Interest income earned on the Alliance's cash deposits is not allocated to specific projects. When the budgeting and cash flow needs of the Alliance are more readily determinable, interest income will be utilized to advance the Alliance's programs.

NOTE 3 - INCOME TAX STATUS

The Alliance qualifies as a tax-exempt organization under Internal Revenue Code Section 501(c)(6). Consequently, the Alliance is exempt from Federal and state income tax except for income tax on unrelated business income. There were no unrelated business activities in 2007 and 2006.

NOTE 4 - COMMITMENTS

The Alliance entered into two operating leases for office space. The leases call for monthly payments of \$1,910, contain lease terms of twelve months and are renewable annually. Rent expense for the years ended December 31, 2007 and 2006 totaled \$25,210 and \$20,872, respectively.

NOTE 5 - ADMINISTRATIVE EXPENSE CAP

NORA Public Law 106-469, requires that the Alliance limit expenditures for (Administrative) expenses to seven percent of gross revenue generated by assessment remittances.

NOTE 6 - PROGRAM SERVICES

Research and Development

The Alliance committed 4.14 percent in 2007 and 4.87 percent in 2006 of assessment revenue, net of collection costs and the Board designated reserve, for oil heat research and development grants. The 2007 commitment totaled \$580,114. The 2006 commitment totaled \$637,862.

Education and Training

The Alliance committed 4.61 percent in 2007 and 5.06 percent in 2006 of assessment revenue, net of collection costs and the Board designated reserve, for grants related to education and training. The 2007 commitment totaled \$645,114. The 2006 commitment totaled \$662,862.

Consumer Education Production

The Alliance committed 10.41 percent in 2007 and 11.82 percent in 2006 of assessment revenue, net of collection costs and the Board designated reserve, for grants related to consumer education. The 2007 commitment totaled \$1,468,000. The 2006 commitment totaled \$1,548,000.

State Grants

The Alliance has committed 76.7 percent in 2007 and 87.8 percent in 2006 of net assessment revenue for state grants. In addition, the costs for the consumer education production program were incurred by the Alliance on behalf of the states. Thus, the total commitment for state grants was \$12,201,674 or 87.1 percent of net assessment revenue in 2007. The 2006 commitment totaled \$13,050,558.

The Alliance is mandated by law to establish a program coordinating the operation of the Alliance with the operator of any similar state or local program. Remittances to state programs are required to equal 15 percent of the assessment revenue collected in the state. During 2007, the Alliance is distributing 101 percent of its net assessment revenue as follows:

Assessment revenue .....	\$14,001,145
Less: collection costs .....	(180,000)
Net assessment revenue .....	\$13,821,145
Grants and state grants (97.15 percent of net assessment revenue) .....	\$13,426,902

NOTE 7 - GRANTS PAYABLE

The Alliance enters into various grant agreements which may require periodic payments of grant funds. The outstanding grant liability is as follows:

	December 31, 2007	2006
Research and development.....	\$1,291,007	\$1,424,142
Education and training.....	336,562	252,933
Consumer education .....	9,424	(235,564)
Total.....	\$1,636,993	\$1,441,511

NOTE 8 - BOARD DESIGNATED NET ASSETS

The Board has designated an amount equal to ten percent of annual assessments to be reserved in response to unpredictable weather patterns. The funds will be utilized in future years, with Board approval, to advance the Alliance's programs. The Board designated net assets at December 31, 2007 and 2006 totaled \$1,418,871 and \$1,418,871, respectively.

NOTE 9 - ASSESSMENT AND COLLECTION COSTS

Assessments and collection costs include the costs incurred to process annual assessments, to publicize the collection system and to ascertain compliance as stipulated by NORA law. Collection costs consist of the following:

Legal fees .....	\$82,500
Accounting fees .....	85,834
Other .....	11,666
Total.....	\$180,000

The Alliance has also developed an audit system for collections compliance, and has the legal authority to conduct audits to ensure member compliance.

NOTE 10 - NATIONAL OILHEAT RESEARCH INSTITUTE

The National Oilheat Research Institute (NORI) is a 501(c)(3) organization created by the Alliance for the purposes of conducting selected research projects. The Alliance has provided the majority of NORI's funding. Project funding, totaling \$637,861 has been approved by the Alliance board for 2006. Actual distributions of approved funding totaled \$660,121 in 2006. Effective December 31, 2006, NORI was terminated.

NOTE 11 - ASSESSMENT REFUNDS

Assessment revenue excludes collections which will be returned as refunds. The Alliance collects assessments on all heating oil defined as dyed distillate. Under NORA's collections rules, any dyed distillate or blends are subject to assessment. Some of this fuel is used for non-heating applications and is refunded. The Alliance anticipates refunds will approximate \$1.5 million per year and has established the appropriate reserve. As actual refunds are paid, the reserve is adjusted. Refunds for the years ended December 31, 2007 and 2006 were \$1,810,330 and \$1,583,403, respectively.

NOTE 12 - CONCENTRATIONS OF CREDIT RISK

The Alliance maintains cash deposits with Merrill Lynch in excess of federally insured limits of \$100,000. However, the Securities Investor Protection Corporation (SIPC) protects securities and cash in Merrill Lynch accounts for up to \$500,000 per client for securities (including up to \$100,000 for cash). Merrill Lynch has also obtained coverage in excess of the SIPC limits. On December 31, 2007, the Alliance had \$5,430,669 in excess of federally insured limits.



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