



Highlights of [GAO-10-583](#), a report to the Chairman, Committee on Energy and Natural Resources, U.S. Senate

## Why GAO Did This Study

Millions of Americans use propane and oil heat for such purposes as heating and cooking. Congress authorized creation of the Propane Education and Research Council (PERC) in 1996 and the National Oilheat Research Alliance (NORA) in 2000 to provide research and development, safety and training, and consumer education for propane and oil heat, as the highest priority activities. Congressional deliberations on the groups' creation emphasized providing funding for research and development. PERC and NORA fund operations by assessing fees on propane and oil heat sales.

GAO examined (1) how PERC and NORA spent assessments collected, (2) the extent to which their reported activities help achieve strategic goals, (3) the extent to which key statutory requirements were met, and (4) the extent of federal oversight. GAO analyzed the Propane and Oilheat Acts and PERC and NORA documents and interviewed representatives of PERC, NORA, and the Departments of Energy (DOE) and Commerce.

## What GAO Recommends

Congress may wish to clarify certain requirements and specify priority ranking, expenditures, and a DOE oversight role. DOE did not comment; Commerce agreed; NORA did not disagree and in some aspects agreed; and PERC interpreted certain information differently in several cases. PERC believes the Propane Act allows the congressional contacts it funds but welcomes clarification.

To view the full product, including the scope and methodology, click on [GAO-10-583](#). For more information, contact Mark E. Gaffigan at (202) 512-3841 or [gaffiganm@gao.gov](mailto:gaffiganm@gao.gov).

## PROPANE AND HEATING OIL

### Federal Oversight of the Propane Education and Research Council and National Oilheat Research Alliance Should Be Strengthened

#### What GAO Found

Based on GAO's analysis of their financial and annual reports, PERC and NORA spent over half of the assessments collected on what they classified as consumer education. From 1998 through 2008, PERC collected about \$350.6 million. During those years, PERC spent about \$318.5 million, including about \$178.6 million for consumer education, \$50.7 million for safety and training, \$28.1 million for research and development, and over \$61 million for engine fuel, industry, and agriculture programs, and for general and administrative expenses. The remaining balance of about \$32.1 million was unspent, mostly reflecting, according to PERC, approved commitments to future spending. From 2001 through 2008, NORA collected about \$107.4 million and spent about \$101.6 million. NORA's spending included \$68.4 million for consumer education, \$17.8 million for education and training, \$6.2 million for research and development, \$300,000 on its oil tank program, and \$8.9 million for general and administrative expenses. NORA officials said that the unspent \$5.8 million balance reflected mostly commitments to future spending.

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

While some PERC and NORA activities appeared to meet statutory requirements, others raised issues such as whether certain types of activities involving Congress or politically affiliated entities were covered by specific lobbying restrictions in the Acts. Assuming PERC and NORA's activities were permitted, issues remain about whether Congress anticipated that the assessment funds would be used for these activities, particularly when classified as "consumer education" by PERC and NORA under the Acts. Issues also remain about whether Congress anticipated that such a high proportion of the groups' funding would go to education activities, in comparison to the relatively little support given to research and development, a key area of interest during congressional deliberations about the Acts.

Federal oversight of PERC and NORA has been limited. Commerce recently completed the required analysis of oilheat prices, but DOE has not used oversight authority granted by the Propane and Oilheat Acts. For example, DOE has not overseen PERC and NORA's activities by reviewing budgets or making recommendations to PERC and NORA, as authorized by law.