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Thermo Pride
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High Steel Costs Impact Prices

Soaring prices and tight supplies are making steel look more like a precious metal – and the costs of everything from cars to appliances to HVAC equipment have all been impacted.

According to industry reports, steel prices have climbed by 30-50% since the start of 2004, and the current escalation is a perfect example of supply and demand leading to higher consumer prices. Exploding demand in China, growth in other parts of the world, mill shutdowns and raw materials shortages that prevent mills from making as much steel as they can, have all driven prices up.

Is China the problem? As it becomes more industrialized, China's demand has skyrocketed to supply new building projects and its manufacturing base. And, it seems, China is not the only country in need of steel. As the U.S. economy recovers, more American manufacturers are in the market to buy steel, and other countries, such as South Korea, are also seeing increases in demand for the commodity — all of which has temporarily outstripped the global capacity of steel producers.

What about scrap? Prices for some grades of scrap recently approached \$250 a ton – up from around \$120 just a year ago. Additionally, exports of scrap are up more than 60% from two years ago. Most of that is going to China. Furthermore, steel mills in Asia that might once have shipped scrap to North America are now diverting it to China.



Is the dollar to blame? A cheaper dollar drives up the cost of imports – so that even if foreign supplies can be located, they're much more expensive to buy. A weak dollar makes U.S. scrap exports more affordable for foreign markets and imported steel more expensive for U.S. fabricators.

Materials in short supply? Coke, a baked coal used as fuel by some steelmakers, is also in short supply and has seen its price roughly double in the past year. The shortage and the price increases have forced some producers to cut back production or impose surcharges to cover their escalating scrap costs.

Is there an end in sight? Periods of price volatility come and go. Today's rising prices will eventually settle down – though we cannot predict exactly when. In the meantime, you can rest assured that Thermo Pride will continue to respond to the current market challenges and do our best to manage costs and keep our prices as stable as possible.

In this issue ...

- 1-Soaring Steel Prices
- 2-IRS Depreciation Ruling Benefits Contractors
- 2-Tech Tip: Beckett R7184 Oil Primary Control
- 3-Power Venting Thermo Pride Oil Furnaces
- 3-Thermo Pride OH6 Field Trial Program
- 4-Technical Service Employee Spotlight

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IRS Vehicle Depreciation Change: Good News for Contractors

Potential Savings from New Section 179 Depreciation Regulations

Did you know that you may be able to take advantage of an important tax write-off for your “non personal use” vans and light trucks? In 2003, the IRS issued new regulations that exempt certain vans and light trucks from the depreciation limits imposed on passenger automobiles. Effective as of June 25, 2004, contractors can now write off and fully expense in the first year of purchase, the costs of vans and light trucks used for business purposes. (Under the old rules, contractors were only able to deduct a portion of cost in the year of purchase.) **The change could place up to several thousands of dollars a year back in your pocket due to the reduction in tax liability.**



Why? The IRS has finally recognized that vans and light trucks are different from passenger vehicles. Vans and light trucks are now allowed higher annual “luxury automobile” depreciation limitations than for other passenger automobiles.

Furthermore, a complete exclusion from these luxury automobile depreciation limitations will be provided for certain vans and light trucks placed in service on or after July 7, 2003.

To be excluded, a light van or truck must be a “**qualified nonpersonal use vehicle.**” These are defined as vehicles that, “by reason of their nature (i.e., design) are not likely to be used more than a minimal amount for personal purposes.”

A nonexclusive list of qualified nonpersonal use vehicles include:

- Delivery trucks with seating only for the driver, or only for the driver plus a folding jump seat
- Certain trucks and vans that have been specially modified, such as by installation of permanent shelving and painting, so that they are not likely to be used more than the minimal amount for personal purposes

The above is for informational purposes only. If you have any questions in regard to how to maximize tax deductions for your business vehicles, please be sure to speak with your accountant or tax planning professional.

tech tip

Beckett R7184 Pump Purge

The Beckett R7184 Oil Primary Control has many features. One that is often overlooked is the pump purge feature. When in Mode 1, pushing the reset in the “Trail for Ignition” stage will allow the burner to run for four minutes straight. This gives you plenty of time to bleed the fuel pump. The ignition also switches from interrupted to intermittent so when oil gets to the burner it will light right away.



VEHICLE DEPRECIATION

Purchase a new van/truck — qualified non-personal use vehicle (after July 7, 2003):

OLD RULES	NEW RULES
\$30,000	\$30,000

Accelerated Depreciation (over 5 years):

OLD RULES	NEW RULES
\$6,000	_____

Section 179 deduction:

OLD RULES	NEW RULES
_____	\$30,000

If you are in the 34% tax bracket, the deduction is:

OLD RULES	NEW RULES
\$2,040	\$10,200 (tax savings of \$8,160)

Note: There are limitations on Section 179 deductions, but there are other incentives like bonus depreciation.

Source: Plante & Moran PLLC,
Auburn Hills, Michigan;
as published in *Air Conditioning,
Heating & Refrigeration News*,
August 2004

Power Venting Thermo Pride Oil Furnaces

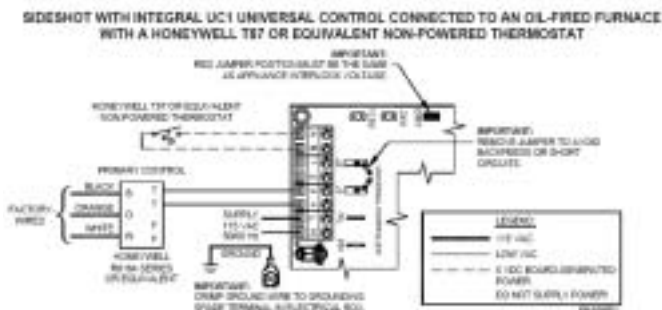
When you need to power vent a Thermo Pride oil furnace, there are a few things you need to keep in mind. You need to replace the stone chamber with a soft ceramic chamber, and a fresh air kit needs to be installed.

Also, the wiring of a power venter to the Thermo Pride Premiere Oil Furnace with ECM is a little different. The steps outlined below explain how to wire the Tjernlund Side Shot 2 power venter to a Thermo Pride ECM oil furnace (this method applies not only to our ECM line but also any oil furnace utilizing Thermo Pride's electronic control.):

1. **IMPORTANT:** Remove J1 & J2 Call Jumper on UC1 to avoid back feeds or short circuits.
2. Connect the two yellow wires from the burner harness to A and B terminals on UC1.
3. Remove T T Jumper from R8184 or equivalent Primary Control.
4. Connect #3 on UC1 terminal block to T terminal of Primary Control.
5. Connect #4 on UC1 terminal block to remaining T terminal of Primary Control.
6. Connect 115 VAC supply voltage to L & N terminals on UC1. Installer must supply overload and disconnect protection.
7. Crimp Ground wire to grounding spade in SS2 electrical box.
8. Make sure RED voltage jumper on UC1 is on DRY.

Note:

- If burner safety control goes out on lockout, the SideShot will continue to run as long as a call for heat is present.
- Thermo Pride does not recommend using the SideShot 2 with a Riello burner.



Thermo Pride's OH6 Field Trial Program

Building A Better Oil Furnace Over and Above "Industry Standard"

At Thermo Pride, we routinely run field tests before releasing new products. We want to ensure that our customers receive the highest, quality-proven performance. What is not "routine" is the extent to which we test before bringing a product to market.

A case in point is our **OH6 Low-Profile Highboy Furnace**, which is in development. It is undergoing arduous real world testing and evaluation. Engineered for maximum efficiency and manufactured to exacting standards of quality, we have conducted extensive laboratory trials and actual installed field trials prior to our rollout. In fact, **ThermoPride runs the furnace through a 30,000-cycle test in the lab before it is installed in field trials — that's 3 times more than industry standard!**

We understand that attention to detail will ensure that our products meet or exceed all recognized safety, performance and efficiency standards ... in addition to the rigorous standards demanded by the company and expected by consumers. In short, **we hold our products to a higher standard.** In the lab, in the manufacturing plant and out in the field, we go the extra mile to ensure quality and value. Be on the lookout for the new OH6 low-profile furnace to be introduced in early 2005.

At Thermo Pride, we will continue to research, develop and refine solutions that meet the needs of the market. Unsurpassed quality. Unquestioned reliability. That's Thermo Pride — quality through and through.



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Employee Spotlight – Tech Service:

Dewayne Skalon and Scott Rosendaul

Here at Thermo Pride, the quality of our customer service is perhaps the number one thing we focus on. We work very hard to ensure that our staff is knowledgeable, informative, helpful ... and nice! Well, **Dewayne Skalon** and **Scott Rosendaul**, both **Technical Service professionals**, have made our job easy.

Ask Dewayne, who's been part of the Thermo Pride team since 1997, about a "typical" day and he'll tell you about assisting dealers with technical problems and questions ... working with engineers to resolve problems that dealers are having ... and ensuring customer satisfaction by working on product improvement projects. A Francesville, IN resident, Dewayne and wife Lori have two children: Thomas, who's 19; and Kylie, who's four. In his spare time, Dewayne enjoys the great outdoors – fishing, trapping and hiking – and is also active in the St. James United Church of Christ.

Scott, a valued member of the Thermo Pride family for nearly 4 years, understands well that satisfied customers are customers whose issues are resolved quickly and professionally. An expert "problem solver," you could say he's "driven" to satisfy — delivering service, solutions and satisfaction in equal measure. When not racing to satisfy customer needs — or racing to lend a hand (he's a certified Master Firefighter and paramedic!) — Scott can be found racing United Midwestern Promoters (UMP) late models and open wheel modified cars, pushing the limits of action and excitement! Scott is married to Donna and they have four children: April, 22; Brian, 21; Christina, 19; and Tiffany, 15. The Rosendauls are a close family who enjoy spending lots of time together.

Dewayne and Scott, thanks for all your hard work and dedication in exceeding our dealers' expectations ... and our own! Keep up the great work!



Dewayne Skalon



Scott Rosendaul