

FINAL REPORT:

DE92 008872

MAINE STATE PLANNING OFFICE
1990-1991 HEATING SEASON
HOME HEATING FUELS PRICE SURVEY

The 1990-1991 heating season was the first time in Maine that the Home Heating Fuels Survey was conducted for the United States Department of Energy by the Maine State Planning Office. This season also marked the first time that dealers were surveyed for a price for propane.

A Middle East crisis, which began the first week in August of 1990, developed into full-scale conflict involving the United States and at many times served as the driving force for this year's oil market in not only Maine but much of the Country. "Desert Shield" and "Desert Storm" drew state attention to oil prices and supplies two months earlier than normal and lasted through the duration of a normal heating season. Heating oil prices were actually being monitored from August at the state level.

Under a late agreement, the State of Maine was picked up by the regional survey of the Energy Information Agency in the beginning of October. This accounted for the weekly survey of the traditional participants in the State's Home Heating Fuels Price Survey being supplemented by bi-weekly DOE surveys of separate survey samples of oil and propane dealers. The SPO sample identifies 36 dealers in the State of Maine, while the DOE sample was constructed around 22 oil dealers in Maine and New Hampshire and 29 propane dealers in Maine.

The SPO survey of oil dealers continued to survey cash and credit prices for both Number 1 and Number 2 fuels, while the DOE survey sought the cash price for Number 2 from dealers. It is recognized that the largest percentage of customers purchase fuel at the cash price in the State of Maine.

In the first year of dealing with propane dealers, there were some anticipated problems. The two major difficulties were: identifying the appropriate dealers (dealers providing fuel to customers for space heating) and identifying a common usage price between dealers (the price generally charged customers using 650 to 800 gallons).

This also marked the first year for reporting via computer to DOE using the PEDRO software. After revisions were made to the original samples, the reporting process seemed to work quite well.

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SURVEY SUMMARY

Prices

The cash price for Number 2 fuel oil jumped to more than one dollar per gallon before Labor Day, as home heating fuels followed prices of all petroleum products.

Prices continued to rise into the late fall. Normal market activity was moved ahead by about one month, as the season's high price average was recorded in October. With the approach of December, one could not help but wonder not only about war but also about the weather. Record cold temperatures and supply shortages of the previous year were still on people's minds.

By the new year, there was new confidence in the way world events were unfolding, however there was also a great deal of expensive inventory on hand, as the public waited out a relatively mild winter. Dealers being surveyed volunteered that they were busy with deliveries of 100 gallons at a time rather than filling tanks.

The heating season ended for DOE the end of March with prices still falling in Maine and with fifty-one inches of snow on the ground in the northern most county, Aroostook.

Supply

In August, there was a great deal of speculation as to the effect of the Middle East unrest on the price and the availability of product.

Terminals reporting to the Maine State Planning Office showed dramatic increases in inventories in the month of August. Reports showed that the inventory had increased from approximately 15% of capacity in July to 41% in August.

Stocks remained at a comfortable level throughout the heating season. With mild weather, dealers were complaining of slow draw down of inventories.

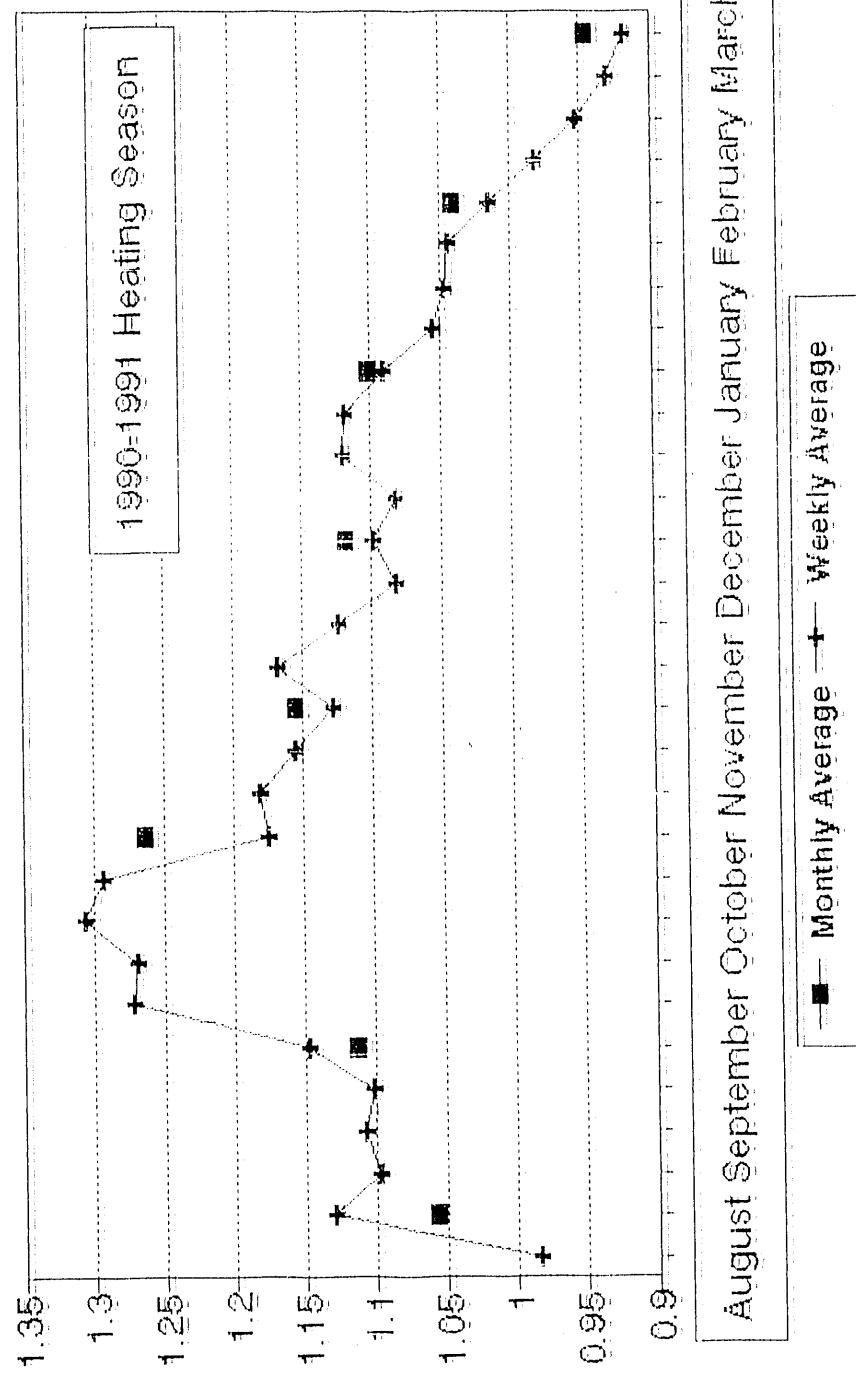
There appeared to be no problem with the availability of all fuel types this year.

Weather

Heating degree days were below average for the State throughout the heating season. December's weather contrasted that of 1989 to serve as a psychological boost to the public that there would be no problems with fuel supply. Under this year's conditions, people had no reservations about waiting out the winter for lower fuel prices.

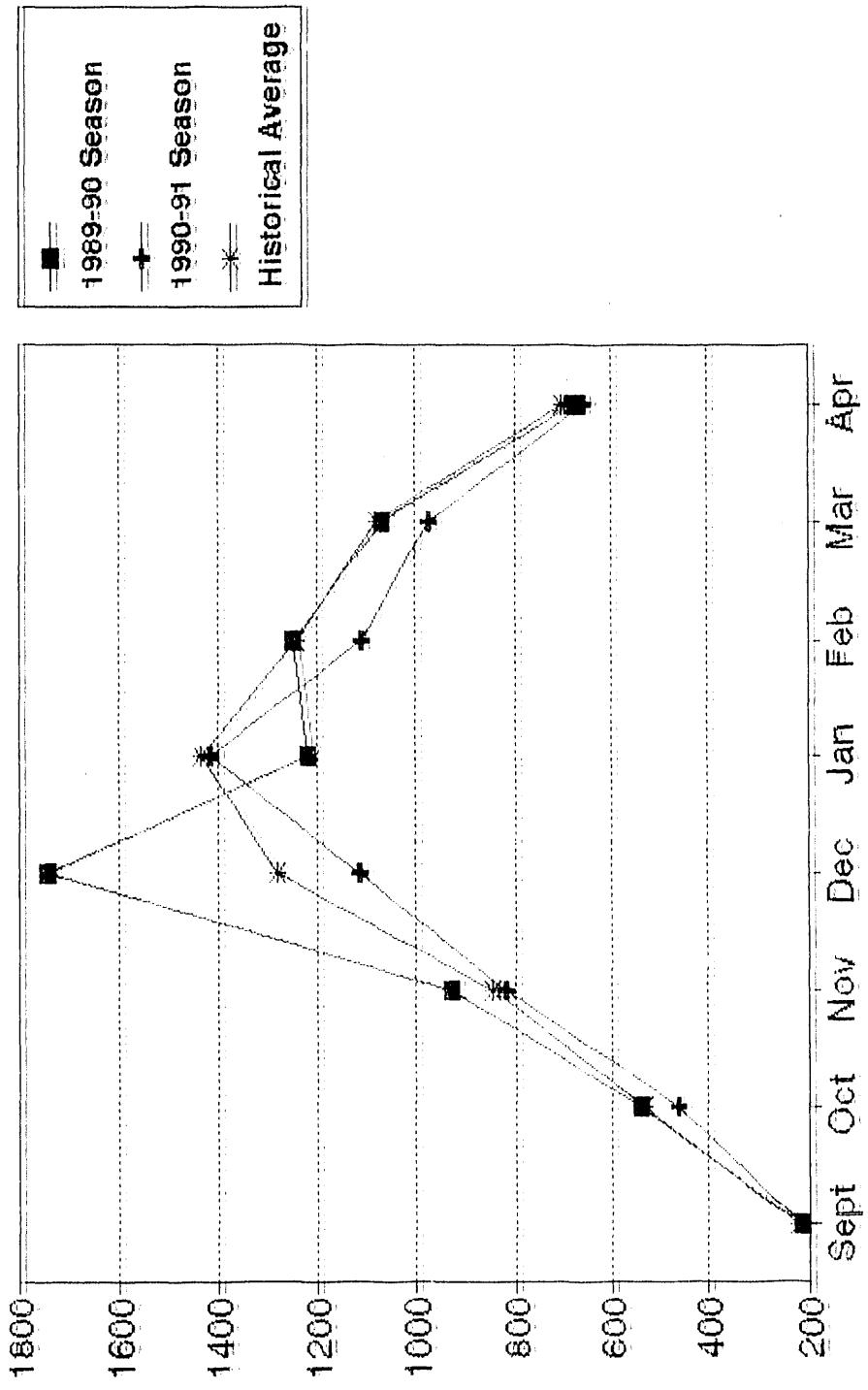
Home Heating Oil Cash Price Averages

Source: SPO Statewide Weekly Survey



Heating Degree Day Monthly Total

1990-91 Estimation by SPO



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