

DOE/EI/22786--T3

State of Maine
Residential Heating Oil Survey
1994 - 1995 Season Summary

Submitted to the
U.S. Department of Energy

April, 1995

by the
Maine State Planning Office

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Introduction

The 1994-95 heating season approached with more attention to petroleum products than experienced in some time. This year, however, the focus was on transportation fuels with the introduction of reformulated gasolines scheduled for the first of 1995. Last year transportation fuels had been in the spotlight in the Northeast as well, for the ills experienced with a new winter mix for diesel fuel. Would RFG have the same dubious entrance as diesel's winter mix? Would RFG implementation work and what effect would the change in stocks have on the refineries? With worries related to transportation fuels being recognized, would there be reason for concern with heating fuels? In the State of Maine with no refineries and a notably cold climate, the question of supply of any heating fuel is always taken seriously.

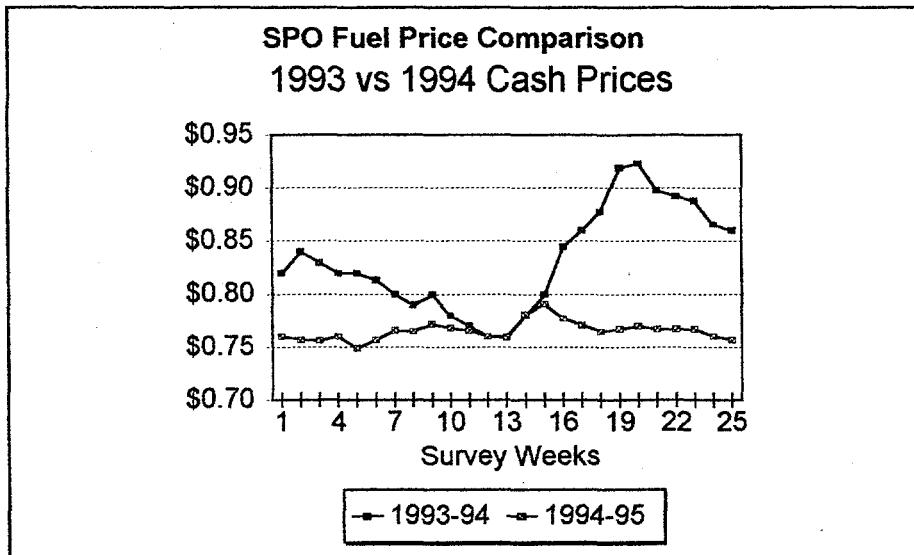
As the new year approached, the refineries seemed to have no problem with supplies and RFG stocks were eased in about the second week of December. In Maine, the southern half of the state was effected by the gasoline substitution but seven of Maine's sixteen counties were directed to follow the recommended criteria. Since the major population concentration lies in the southern three counties, concern was real. Attention paid to emission testing had come to a head in the fall, and RFG complaints were likely. Should a lack of supply of number 2 surface, it would, no doubt, be one more nail in the coffin for another member of the EPA family grave.

There have been years when snow and cold arrived by Thanksgiving Day. In northern Maine, snow easily covers the ground before the SHOPP survey begins. This year was to be a year to remember - weather wise. The fall slipped by with no great shocks in the weather. December was more of the same, as the weather continued to favor the public. Normally the third week in January is considered the coldest time in the year, but not this year. By the end of January, two days were recorded as being more typical of winter. By March and the end of the survey season, one could only recognize that there were perhaps a few cold days this winter.

Fuel prices fluctuated little through the entire heating season. There were no major problems to report and demand never placed pressure on dealers. Once more residents would have to be thankful for a winter belonging to the consumer.

Heating Oil Market

While the year or early winter looked like it might have the promise of a spectacular New England showcase for the Holidays, the lack of storms and snow in Maine continued far too long for the ski resorts and tourists to have an impact on the heating markets of Western Maine. Not only were residents comfortable, but auxiliary heat was about all that was needed many nights. The last couple of years had been seen as "normal" heating seasons with some price fluctuations that could be attributed to the weather or some other observable phenomenon to play on the consumer's mind during the winter. This was not the case this year.

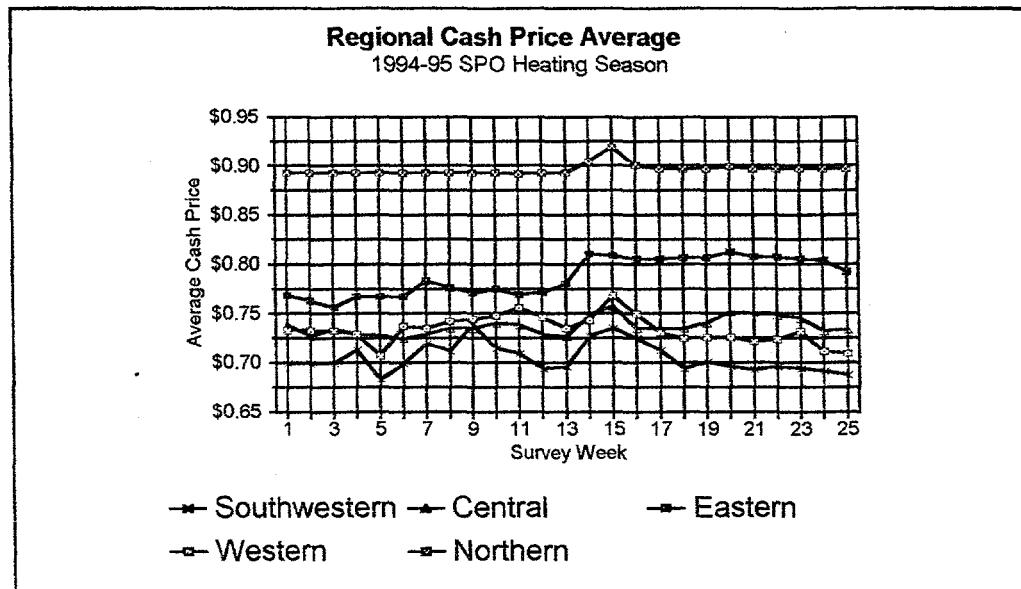


In Northern Maine, it is true that snow did not accumulate as much as would have been liked for proper insulation, but it is also true that it was not as cold. Northern Maine never escapes winter though, and it appears as if the oil dealers were well prepared. With sufficient supplies on hand in the fall, it was evident that there was enough inventory in place for the entire season. The average price of number two fuel in Aroostook County, the northern most county, never rose above 89.9 cents per gallon. In the same respect, the same supply never fell below 89.9 cents per gallon. (One may also note that dealers located within the service area of the now closed Loring AFB for the first time in years posted prices with the area market.)

In Western Maine, tourists did not flock to the resorts perhaps as much as in a good winter ski season, and oil sales reflected the situation. There was a ripple to prices in early December but no more than a ripple. While the western part of the state had noticeable pockets of competition last season, this year it appeared as though oil dealers were having coffee at the same breakfast counter. No one company led areas or seemed to set prices in a competitive fashion. It is true that the anticipated strata of prices did exist between Presidential Service pricing companies (service and oil for the season) and cash on delivery (prompt but with no frills).

Last season Eastern Maine dealers often led the State survey with some of the lowest prices. Even more surprisingly, it was the dealers of Washington County that established the major price wars. A couple of dealers were identified as establishing the low prices of their area market. This year the same spot lacked the competitiveness of the previous year. Perhaps it was the fact that the slight variations in prices just did not lend itself to the type of market that would pit company against company for the local customers in a relatively small area. Since prices in Bangor showed little change all season, one would have to think that companies were just waiting for winter - and perhaps still are.

Central Maine Dealers were always recognized as ignoring the real world. It was once suggested that prices in the central Maine region were set by the average published from surveys done two weeks earlier and finally published in the **Winter Fuel Reports**. A change came in the last couple of years with the arrival of a few oil coops and cash-and-carry independent dealers. With no change in prices, it was noteworthy to see two of the largest companies in the State drop a posted price and offer extended credit on cash prices to presumably win back a few customers. At the close of the season, the extended credit price was in place with the two larger dealers.



Southern Maine dealers are generally seen in the most competitive of areas. Close to terminals, storage is not relied upon like it is elsewhere in the State. Prices have a tendency to follow the rack closely and respond to every jolt in the major supply and price picture. There were no shocks this season however. While some movement was observed, prices generally lingered 20 to 25 cents above rack. Along the New Hampshire border, prices settled into their own niche as many York County dealers saw fit to steer their own course and leave the major pricing differences to the Portland area.

Kerosene/K-1

Problems with the availability of K-1/Kerosene experienced last heating season showed no signs of repeating. The average price of kerosene was 1.049 per gallon in the State Planning Office survey with the K-1 average price being approximately 10 cents per gallon more. In Maine, number 1 fuel is still important but in different roles than recognized five or ten years ago. Outside tanks still require a mix of kerosene with number 2 fuel to allow use, but the popularity of Monitor heaters that require the purest product have now confused the distinction of number 1 products even among the staff of oil dealers. An index of number 1 fuel prices was recorded and watched more than trying to establish solid samples for all three marketed number one products. From the experience of the survey, analysis of number 1 fuel was not pursued.

Propane

In 1989, the U.S. Department of Energy was embarrassed by serious problems in the Northeast and elsewhere with propane. No price surveys were conducted to speak of in any of the States, and Maine was one of those states. In addition, Maine got the bulk of supply from Sea-3 in Newington, New Hampshire. Supply was outside of the boundaries of Maine and therefore could not successfully be requested in surveys performed under Maine statute. DOE believed that propane deserved a place in the winter fuel surveys though.

The average price of propane will always calculate to be something between \$1.20 and \$1.30 in the State of Maine. When surveys started with propane, it was soon discovered that the result would be one of the least reliable figures ever sought after by the federal government for the public. The propane market is so fractured and pitted with so many unique characteristics that results of each survey are logged in as the least meaningful figure ever identified for the general public. Even with a new sample, the survey average is shot onto the horizon in much the same way, as fireworks adorn a summer holiday sky. The appearance is representative of something but must be questioned for local or personal value.

While the average may be comparable to other states, it is wondered if similar problems exist elsewhere. From experience, the answer is in the affirmative. The average may well be around the \$1.25 per gallon mark, but the price range tells a far different story. Some dealers will ignore efficiency and the market and price their product competitively with number 2 oil. The result this year is to have propane presented at a price of less than eighty cents per gallon. At the same time there are those dealers that do not seem to want residential customers. For these dealers, the price seldom changes and is generally in excess of \$1.40 or \$1.50 per gallon. There is also a discrepancy in identifying dealers competing with natural gas and those lying beyond the natural gas lines. Even after identifying a common price range between companies to be able to compare prices, problems crop up during a typical season. The range of prices each week continued to be between fifty and seventy-five cents for the same 750 gallon approximate use price.

Climate

A cold fall topped with a December, such as was experienced in 1989, timed with the introduction of RFG by the beginning of the new year could easily have tied up pipelines and refineries more than the most complicated of macrame works. The winter of 1994 - 95 has been registered as one of the mildest in recorded history however. Short on snowfall and reaching only two thirds the expected cold. After identifying many landmarks to anticipate the climatic impact on the State, no landmark to raise concern was reached this season.

The residents of Maine will most likely remember about seven days of cold weather from this winter. December was perhaps the most crucial of months, but nothing happened. The last week in January and the first week in February had four or five days that were consistent with a

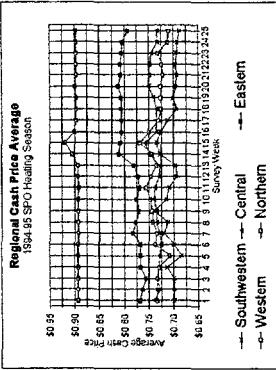
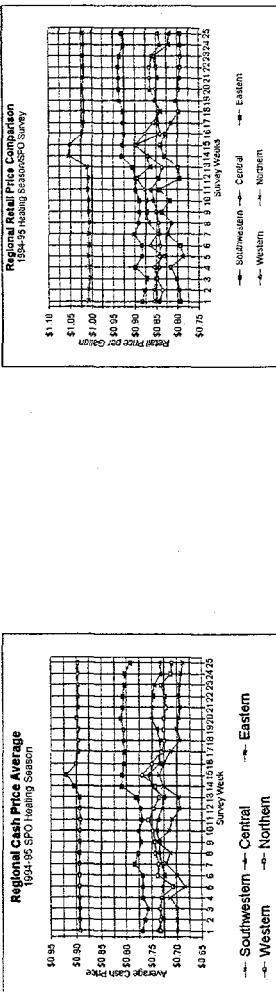
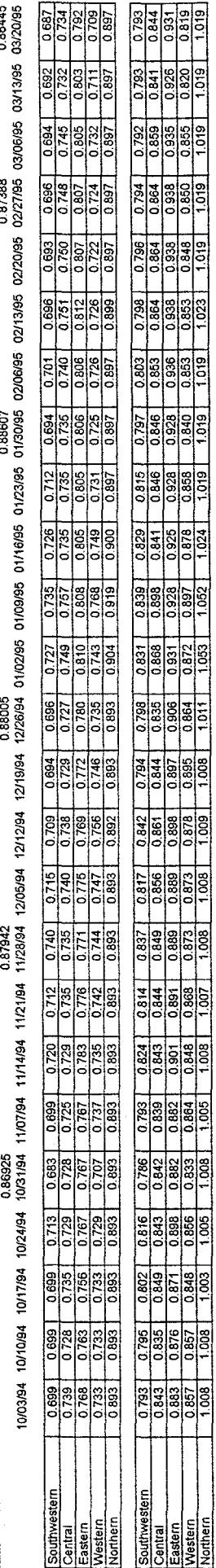
True to form a new sample appeared and that new sample had all the markings of being structured from a map or list of companies placed on a dart board in a Washington pub late at night and selected with the wildest throws. How else would one explain the absence of any dealer north of Bangor in Maine? Someone again saw the opportunity to explore prices on the islands and then wonder why they didn't fluctuate, no doubt. If the northern tip of New Hampshire is so small on a map, it struck someone that it would be natural for Vermont propane dealers to be selling propane for heating in Maine. Once more prices from company corporate headquarters were substituted by prices from local dealers totally against the methodology of the survey. Contacts were confused with cash and posted prices, while averages just seamed to disappear under the guidance of the Energy Information Agency. It all seamed to be taken in stride though, as the sample had changes made and new dealers added right up to the last survey. The magic of the facsimile machine allowed DOE to direct state offices again as an extension of their EIA arm without ever talking to the states directly.

Maine was the only state this year to be recording cash prices, as other states had caved in to some other methodology. Messages of correction from DOE directed price changes to Maine to change single prices to retail to suggest that DOE still did not know what price was being recorded. With the new emphasis on cash prices extended on credit, it appears as though the cash price will remain the significant price for Maine. This should record one more year of recognizing that the survey and not the market is often the major problem encountered by Maine.

This summary is submitted by the Maine State Planning Office to fulfill the requirements of the State Heating Oil and Propane Program survey grant to the State of Maine by the Energy Information Agency of the U.S. Department of Energy. The State Planning Office is directed by Evan D. Richert, AICP. The survey is conducted within the State of Maine by the SPO Economics and Energy Division, Laurie Lachance, State Economist and Division Director. Contacts are made by Judy Brown of SPO.

Maine State Planning Office Detail Heating Oil Summary

1984-1995 Heating Season



U.S. DEPARTMENT OF ENERGY
Energy Information Administration
WINTER HEATING FUELS TELEPHONE SURVEY

PART I. IDENTIFICATION DATA

Reference Date	Mo/Da/Yr 12/19/94	DOE I.D. Number: ME00000099	Submission Date	Mo/Da/Yr 12/21/94
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State Office: STATE PLANNING OFFICE

Street/Box: STATE HOUSE STATION 38

City: AUGUSTA	State: ME	Zip Code: 04333
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Name of Contact Person: MR. BRUCE WHITE	Phone: (207) 624-6012
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Enter any additional information here:

Happy Holidays to all at DOE!

MAINE - PROPANE PRICES

ID	12/19/94	12/05/94	11/21/94	11/07/94	10/17/94	10/03/94
ME00002	1.190	1.199	1.199	1.190	1.199	1.290
ME00003	1.429	1.419	1.389	1.369	1.359	1.359
ME00014	1.450	1.450	1.450	1.450	1.400	1.400
ME00015	1.025	1.025	0.995	0.995	0.995	0.999
ME00016	1.089	0.000	0.899	0.000	0.000	0.899
ME00036	1.729	1.729	1.699	1.669	1.629	1.599
ME00046	1.150	1.150	1.150	1.150	1.150	1.150
ME00051	1.150	1.159	1.159	1.159	1.000	1.179
ME00079	1.050	1.050	1.050	1.050	1.159	1.159
ME00191	1.615	1.615	1.615	1.615	1.615	1.615
ME00200	1.438	1.438	1.413	1.413	1.378	1.353
ME00221	0.000	0.000	0.000	0.000	0.000	0.000
ME00236	0.000	0.000	0.000	0.000	0.000	0.000
ME00263	1.340	1.310	1.310	1.290	1.270	1.270
ME00282	1.270	1.270	1.220	1.270	1.270	1.270
ME00297	1.210	1.160	1.180	1.210	1.210	1.210
ME02075	1.210	1.210	1.130	1.210	1.210	1.210

MAINE - NO. 2 HEATING OIL PRICES

ID	12/19/94	12/05/94	11/21/94	11/07/94	10/17/94	10/03/94
ME00012	0.769	0.769	0.769	0.749	0.749	0.749
ME00016	0.679	0.699	0.749	0.699	0.699	0.699
ME00018	0.740	0.740	0.719	0.710	0.730	0.730
ME00022	0.679	0.699	0.699	0.709	0.699	0.699
ME00038	0.779	0.739	0.739	0.739	0.739	0.730
ME00042	0.679	0.749	0.699	0.719	0.699	0.699
ME00048	0.769	0.769	0.799	0.769	0.729	0.730
ME00054	0.719	0.719	0.739	0.719	0.699	0.719
ME00061	0.729	0.749	0.729	0.749	0.749	0.749
ME00085	0.780	0.780	0.780	0.760	0.800	0.800
ME00093	0.749	0.749	0.699	0.729	0.749	0.749
ME00094	0.769	0.769	0.769	0.710	0.699	0.719
ME00102	0.899	0.899	0.899	0.899	0.899	0.899
ME00122	0.699	0.699	0.709	0.699	0.699	0.699
ME00138	0.729	0.769	0.729	0.699	0.699	0.699
ME00158	0.800	0.800	0.800	0.780	0.800	0.800
ME00167	0.729	0.769	0.769	0.719	0.699	0.719
ME00188	0.850	0.800	0.810	0.810	0.800	0.800
ME00193	0.679	0.699	0.699	0.649	0.699	0.699
ME00207	0.789	0.779	0.759	0.759	0.759	0.759
ME00225	0.790	0.790	0.800	0.770	0.770	0.770
ME00283	0.729	0.749	0.729	0.749	0.749	0.749
ME02008	0.699	0.699	0.689	0.689	0.689	0.899
ME02012	0.679	0.719	0.699	0.649	0.699	0.699
ME02023	0.689	0.689	0.659	0.659	0.659	0.659
ME02030	0.769	0.769	0.769	0.749	0.749	0.749
ME02038	0.659	0.659	0.659	0.659	0.619	0.619
ME02051	0.679	0.699	0.699	0.649	0.770	0.699
ME02057	0.679	0.699	0.699	0.649	0.699	0.699

U.S. DEPARTMENT OF ENERGY
Energy Information Administration
WINTER HEATING FUELS TELEPHONE SURVEY

PART I. IDENTIFICATION DATA

Reference Date	Mo/Da/Yr 03/20/95	DOE I.D. Number: ME00000099	Submission Date	Mo/Da/Yr 03/22/95
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State Office: STATE PLANNING OFFICE

Street/Box: STATE HOUSE STATION 38

City: AUGUSTA	State: ME	Zip Code: 04333
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Name of Contact Person: MR. BRUCE WHITE	Phone: (207) 624-6012
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Enter any additional information here:

This does it! The remaining paperwork should follow in the next couple of weeks. We hope that all of you, especially Tracy and Alice, have a wonderful summer. Take care and thank you.

MAINE - NO. 2 HEATING OIL PRICES

ID	03/20/95	03/06/95	02/20/95	02/06/95	01/16/95	01/02/95
ME00012	0.779	0.779	0.829	0.799	0.799	0.799
ME00016	0.679	0.679	0.679	0.679	0.719	0.749
ME00018	0.700	0.700	0.700	0.700	0.739	0.720
ME00022	0.659	0.679	0.679	0.679	0.719	0.719
ME00038	0.799	0.799	0.819	0.819	0.819	0.819
ME00042	0.699	0.699	0.699	0.699	0.729	0.749
ME00048	0.809	0.849	0.849	0.829	0.829	0.849
ME00054	0.759	0.799	0.799	0.779	0.779	0.799
ME00061	0.719	0.719	0.739	0.729	0.709	0.769
ME00085	0.780	0.780	0.780	0.780	0.780	0.780
ME00093	0.749	0.760	0.749	0.749	0.749	0.749
ME00094	0.799	0.799	0.799	0.799	0.799	0.799
ME00102	0.899	0.899	0.899	0.899	0.899	0.899
ME00122	0.659	0.679	0.679	0.699	0.719	0.719
ME00138	0.759	0.759	0.759	0.759	0.759	0.729
ME00158	0.750	0.800	0.800	0.800	0.800	0.800
ME00167	0.790	0.799	0.799	0.799	0.799	0.799
ME00188	0.800	0.850	0.850	0.880	0.800	0.860
ME00193	0.659	0.659	0.639	0.679	0.719	0.719
ME00207	0.799	0.799	0.799	0.799	0.799	0.779
ME00225	0.749	0.790	0.790	0.790	0.790	0.790
ME00283	0.709	0.709	0.739	0.709	0.709	0.749
ME02008	0.719	0.719	0.719	0.719	0.719	0.699
ME02012	0.659	0.639	0.639	0.659	0.649	0.679
ME02023	0.689	0.719	0.719	0.689	0.689	0.689
ME02030	0.779	0.829	0.829	0.799	0.829	0.799
ME02038	0.699	0.699	0.699	0.669	0.659	0.689
ME02051	0.679	0.679	0.659	0.679	0.719	0.719
ME02057	0.659	0.679	0.679	0.679	0.749	0.699

MAINE - PROPANE PRICES

ID	03/20/95	03/06/95	02/20/95	02/06/95	01/16/95	01/02/95
ME00002	1.190	1.190	1.190	1.190	1.190	1.290
ME00003	1.459	1.459	1.459	1.459	1.459	1.329
ME00014	1.480	1.270	1.450	1.450	1.450	1.450
ME00015	1.250	1.250	1.025	1.205	1.025	1.025
ME00016	1.080	1.080	1.089	0.929	1.089	1.089
ME00036	1.749	1.749	1.759	1.729	1.729	1.729
ME00046	1.150	1.150	1.150	1.150	1.150	1.150
ME00051	1.249	1.249	1.249	1.159	1.159	1.249
ME00079	1.050	1.050	1.050	1.050	1.050	1.050
ME00191	1.665	1.679	1.663	1.665	1.695	1.695
ME00200	1.438	1.438	1.438	1.438	1.438	1.438
ME00221	1.470	1.390	0.000	0.000	0.000	0.000
ME00236	1.170	1.170	1.150	1.150	1.150	0.000
ME00263	1.340	1.340	1.340	1.340	1.340	1.340
ME00282	1.270	1.270	1.270	1.270	1.270	1.270
ME00297	1.230	1.230	1.210	1.180	1.210	1.160
ME02075	1.210	1.210	1.260	1.220	1.220	1.220