

Vermont Department of Public Service

Energy Efficiency Division

DOE/EI/29050--T1

STATE HEATING OIL AND PROPANE PROGRAM

FINAL REPORT

Survey of #2 heating oil and propane prices at the retail level
October 1997 through March 1998

Funded by the U.S. Department of Energy
Grant # DE - FC01- 96EI29050

Contents:

1. Narrative
2. Samples *Vermont Fuel Price Report*

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State Heating Oil and Propane Program 1997-98 Vermont Final Report

The Energy Efficiency Division of the Vermont Department of Public Service (DPS) monitored the price and inventory of residential heating oil and propane during the 1997-98 heating season under a grant from the U.S. Department of Energy's Energy Information Administration (EIA). DPS staff collected data biweekly between October 5, 1997 and March 16, 1998 on the retail price of #2 home heating oil and propane by telephone survey. Propane price quoted was based on the rate for a residential home heating customer using 1,000+ per year. The survey included a sample of fuel dealers selected by the EIA, plus additional dealers and fuels selected by the DPS. The EIA weighted, analyzed, and reported the data collected from their sample.

The rationale for expanding the sample set came from the circumstance that many of the dealers the DPS calls for the EIA sell more fuels than the EIA queries. Once dealers are on the telephone, it is a simple matter to ask them about the price of other fuels they sell. The DPS uses the expanded sample set to produce a monthly news letter, the *Vermont Fuel Price Report*. (April 1998 and July 1998 attached) The *Report* includes current and projected information on price and supply of #2 heating oil, propane, kerosene, and regular-grade gasoline. Fuel dealers, news media, consumer advocates, and state agencies use the news letter. It also provided tips and information for end users on managing their energy use.

Due to the difference in data sets and statistical methods, the numbers in the *Report* may vary from the numbers produced by the EIA. DPS staff are collaborating with fuel industry representatives to develop a more meaningful statistical base for the *Report*. Data is stored and manipulated using linked spreadsheets. The DPS is also investigating database development for easier input, more flexible access, and longer range tracking than our current system allows.

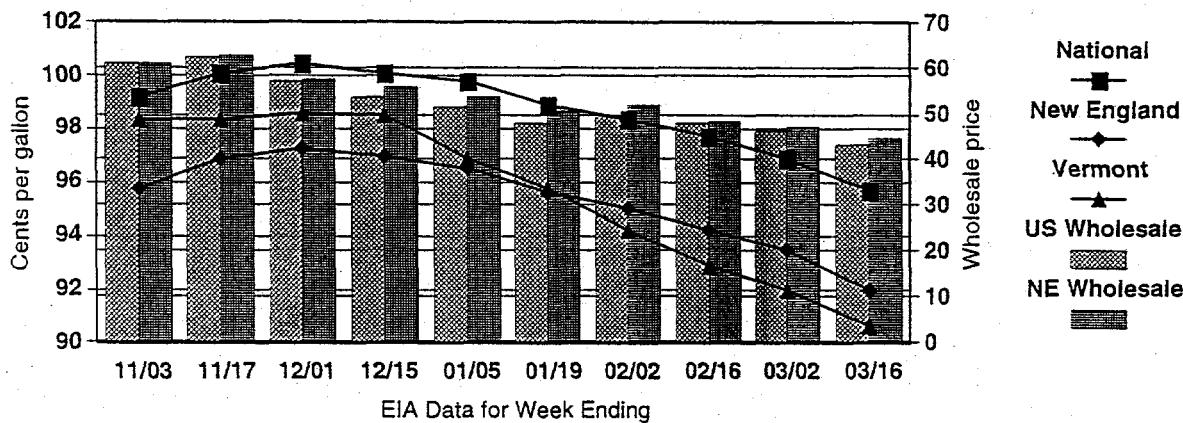
The Vermont sample showed the average price of liquid fuels declining over the course of the heating season. With few exceptions, most attributable to changes in methods, the price of fuel each month was lower than the previous month and substantially lower than the same month a year earlier. There were no supply problems recorded. Fuel dealers reported that supply and deliveries were on schedule even during the catastrophic ice storm of January 1998. Heating degree days for the season were about 10% lower than average. A mild winter and high inventories throughout the season kept the cost of fuel down for consumers.

Vermont Fuel Price Report

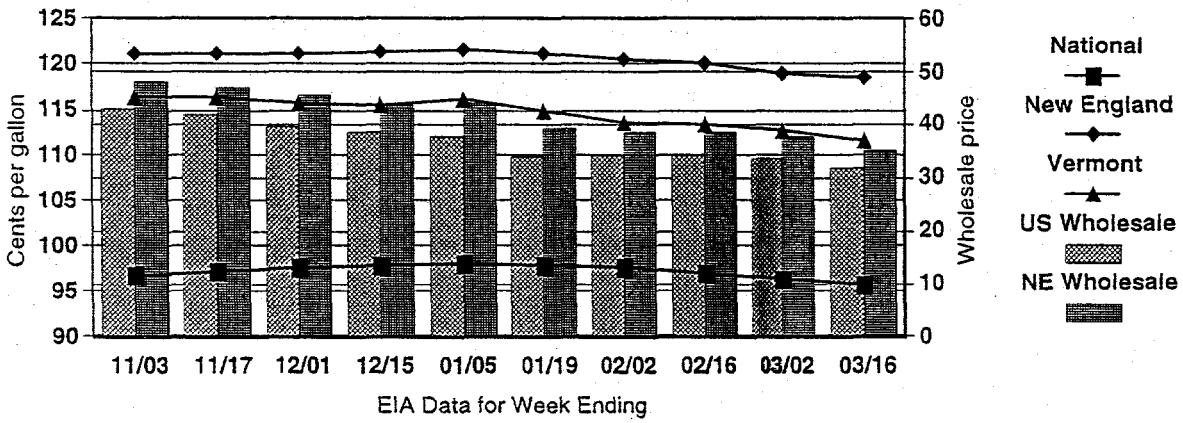
April 1998

The heating season ended with prices still low. Projections for the future show prices staying low for the next few years despite attempts by producing nations to cut production. The costs of production have fallen as well. For example, the total cost of producing oil in the United States fell from \$24.81 in 1981 to \$5.21 in 1996. The charts below are based on information from the USDOE Energy Information Administration.

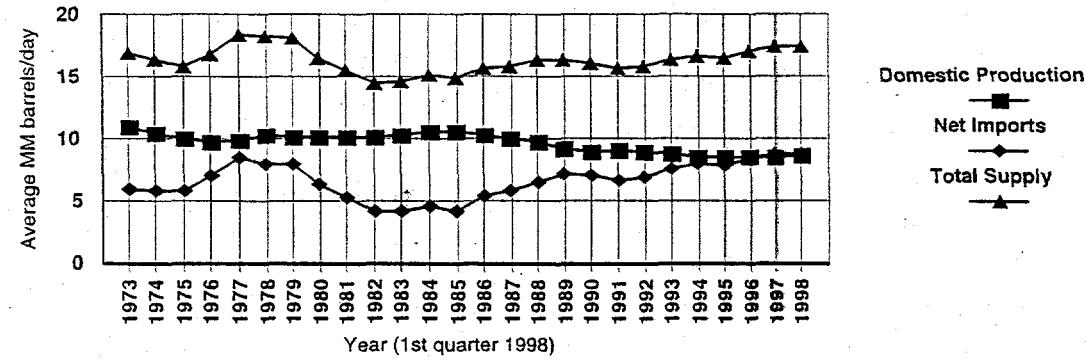
Fuel Oil: 97-98 Heating Season



Propane: 97-98 Heating Season



Petroleum Products Supplied - USA



Vermont Fuel Price Report

April 1998

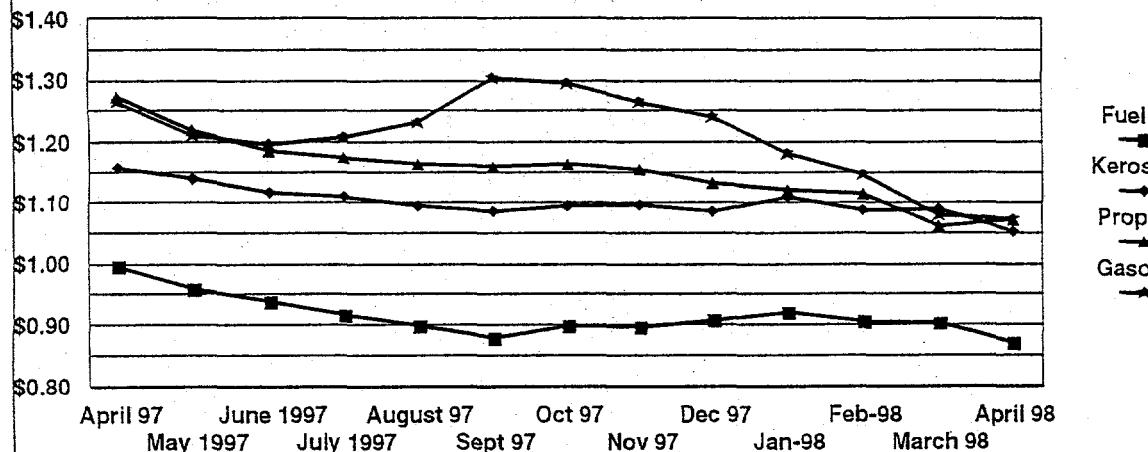
My apologies for the delay in this report. Staffing and other constraints caused the delay. These numbers were collected during the week of April 20. We anticipate that future reports will be issued in a timely manner, especially during the heating season.

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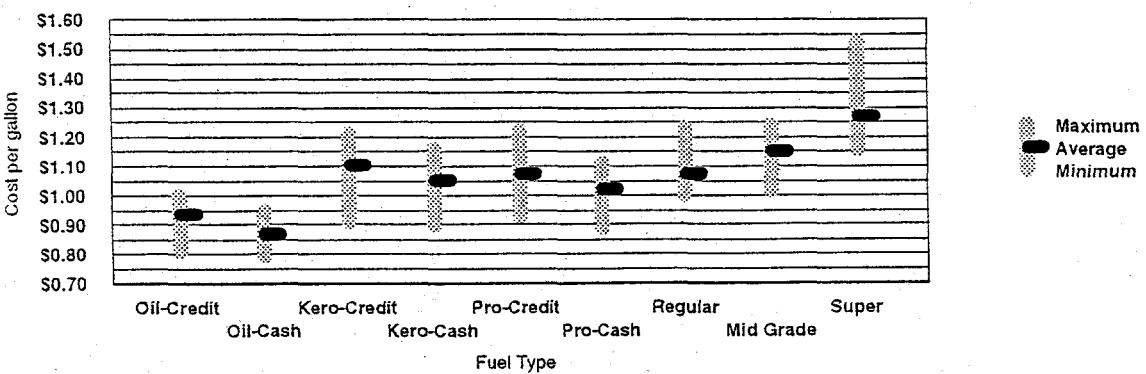
Type of Energy	Cost per million
	BTUs
No. 2 Fuel Oil, gallon	\$7.86
Kerosene, gallon	\$9.63
Propane, gallon	\$14.63
Natural Gas, therm	\$7.24
Electricity, kwh	\$41.03
Wood, cord	\$6.82
Coal, ton	\$11.11
Pellets, ton	\$13.75

	April 98	March 98	% change	April 97	%change
No. 2 Fuel Oil	\$0.87	\$0.90	-3.7%	\$1.00	-12.8%
Kerosene	\$1.05	\$1.09	-3.5%	\$1.16	-9.1%
Propane	\$1.07	\$1.06	1.1%	\$1.27	-15.8%
Unleaded Gasoline	\$1.07	\$1.08	-0.5%	\$1.26	-15.2%

One Year Price Trend



Fuel Price Ranges in Vermont



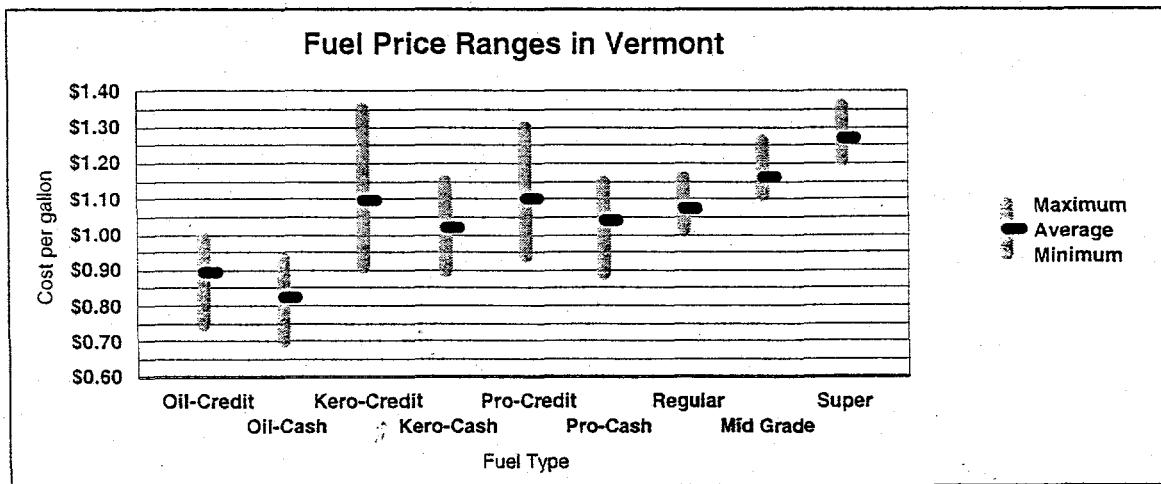
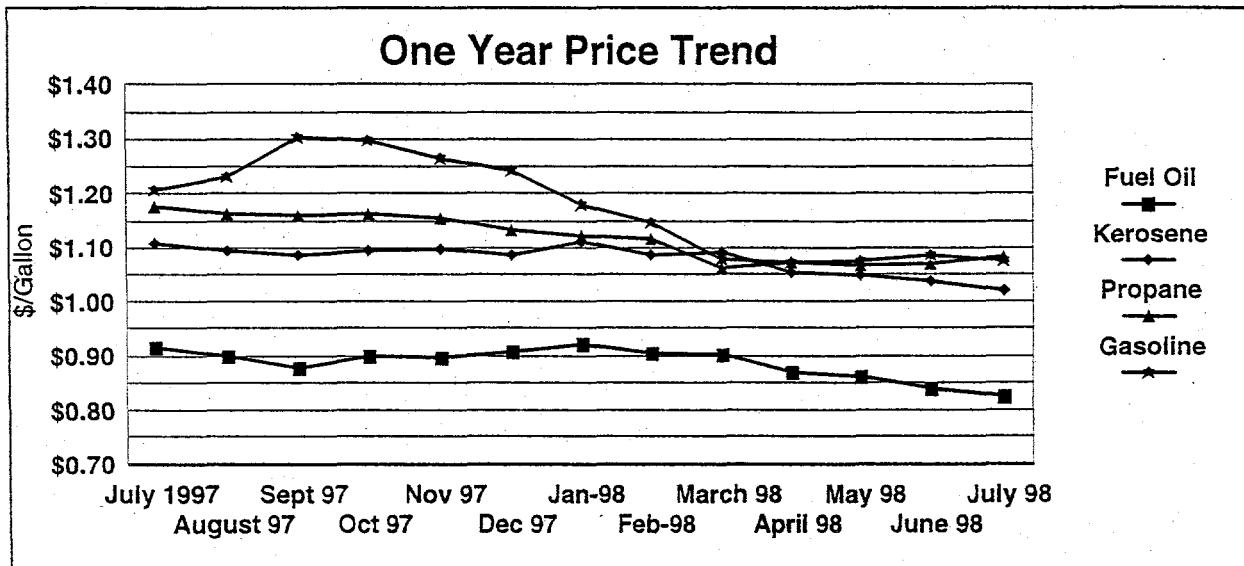
NOTE: The *Vermont Fuel Price Report* is published monthly by the Vermont Department of Public Service. Prices are collected on or about the first Tuesday of each month and, unless otherwise indicated, reflect dealer discounts for cash or self-service. For more information, please contact: Tom Franks at 1-800-642-3281 or (802) 828-4035. E-mail: franks@psd.state.vt.us.

Vermont Fuel Price Report

July 1998

The OPEC nations are starting to cut production in an attempt to reverse the nine month drop in the price of crude oil. The price of crude oil has not started to rise so far. Political events, like the death of Nigerian leader Abiola and Venezuelan charges that Iran was producing significantly more than the OPEC agreements allowed, created transient market changes that did not affect the overall downward trend. Gasoline, distillates, and propane supplies are at higher than average levels.

Average Retail Petroleum Prices (per gallon)					
	July 98	June 98	% change	July 1997	%change
No. 2 Fuel Oil	\$0.82	\$0.84	-1.7%	\$0.92	-10.0%
Kerosene	\$1.02	\$1.04	-1.5%	\$1.11	-8.0%
Propane	\$1.08	\$1.07	1.4%	\$1.18	-7.8%
Unleaded Gasoline	\$1.08	\$1.09	-1.0%	\$1.21	-10.8%



Vermont Fuel Price Report

July 1998

Fuel Purchase Programs

This month we asked fuel suppliers about their special purchase programs. **Pre-buy plans** offer customers the opportunity to fix the price of the fuel they anticipate they will need for the heating season at the current price by paying for it advance at low summer prices. Through **budget plans** customers can arrange to make set monthly payments through all or a portion of the year to control the fuel spending. Most dealers (97%) offer budget plans, and most have deadlines for sign up.

Price cap plans protect the consumer against price fluctuations by setting a maximum price for fuel during the heating season. Most dealers require either automatic delivery or budget payments for price cap plans. Next month we will check program availability again. Customers should check with their dealer soon to take full advantage of the various plans.

The top chart compares the cost of pre-buy and price cap plans to the current average price and the seasonal average price. The second chart compares the range of prices of various programs to the current range (labeled "disc"). The table at the bottom of the page lists the results of our survey on programs. We plan to ask these questions again next month.

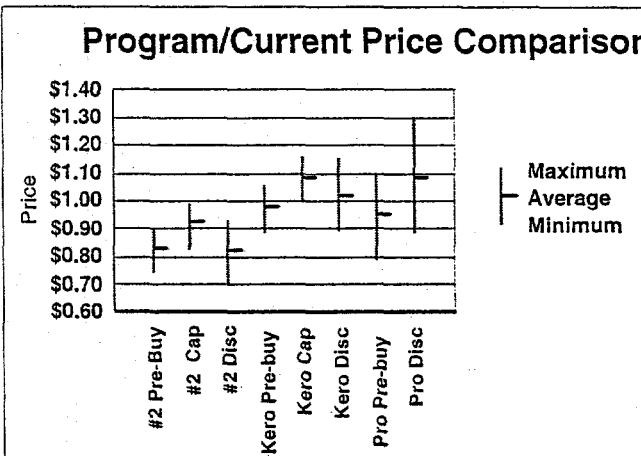
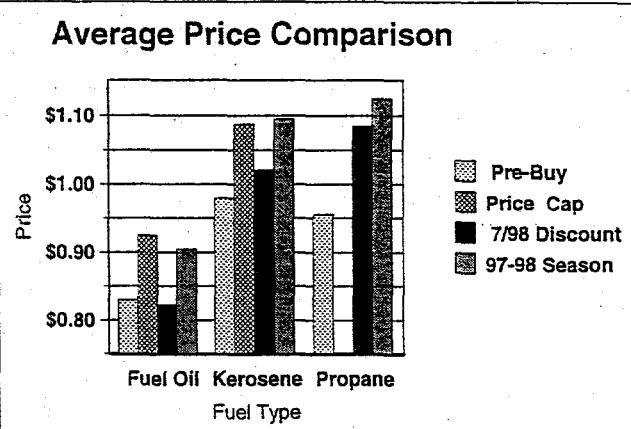
NOTES:

Sample Size - Number of dealer responding

% offer - Dealers have the program

% Set - Dealers have set the price

% not yet - Dealers have yet to set price



Program	#2 Pre-Buy	#2 Price Cap	Kero Pre-buy	Kero Price Cap	Propane Pre-buy	Budget
Sample Size	26	26	23	23	21	29
% offer	88%	38%	52%	26%	67%	97%
% Set	65%	60%	67%	50%	71%	
% not yet	35%	40%	33%	50%	29%	
Minimum	\$0.749	\$0.830	\$0.890	\$0.999	\$0.790	
Average	\$0.831	\$0.926	\$0.979	\$1.086	\$0.956	
Maximum	\$0.899	\$0.990	\$1.050	\$1.159	\$1.100	

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