



Spring 2010

## Price Program FAQs

*Answers to frequently asked questions about our price program*

Every year we get lots of questions about our price program, how it works, and what it means to be a price program customer. We hope the following Q&A helps answer some of the most common questions. If you have additional questions about our program, or other products we sell, please call us - we are here to help!

### What is a price program?

A price program is the term used for any agreement between a fuel dealer and their customer that sets the price in some fashion. The most common types of price programs available in our marketing area are:

**Ceiling Price Program:** This program guarantees your price will not exceed the price quoted. It may go down, but the price will not go above this price.

**Fixed Price Program:** This program guarantees your price will always be the price quoted. It will not go up OR down with the market.

Over the years we have offered both of these options, though the fixed price has all but disappeared due to minimal demand. A fixed price program feels a lot more like gambling – for who can predict the price of oil? When prices fell back, customers on a fixed price program were often unhappy. We now automatically renew program customers on the ceiling price program to allow for more downside flexibility.

### What must a customer commit to when they sign up for your price program?

When a customer commits to our price program, they ...

- ✓ commit to being our customer over the next heating season.
- ✓ sign on to our budget payment plan, which spreads your fuel bill over the following year into even monthly payments.
- ✓ go on automatic delivery.

### What does the customer get when they are on your price program?

Aside from our legendary great service, decades of experience in delivering fuels safely and efficiently, and a concerned partner in your home comfort - we pledge to:

- ☆ protect the ceiling price quoted. Your price will not exceed the price quoted over the course of the heating season.
- ☆ use our 20 years of experience in price program hedging to bring you the best price we can on the day of delivery. Your delivery price will never exceed the ceiling price.
- ☆ keep your tank full. Being on automatic delivery means you can relax.
- ☆ be available to you 24/7 should you need a repair or emergency delivery.

### Can I be on a budget payment plan if I am not a price program customer?

Of course! The price program is something we offer our customers because many appreciate the control it gives them over their fuel bills. For those who would rather take their chances with the market price, yet still benefit from even monthly payments and automatic delivery, then becoming a budget customer is the way to go. If you pre-pay your estimated total usage, we'll give you 5 cents off the market price at the time of delivery.

### How do you “protect” a price?

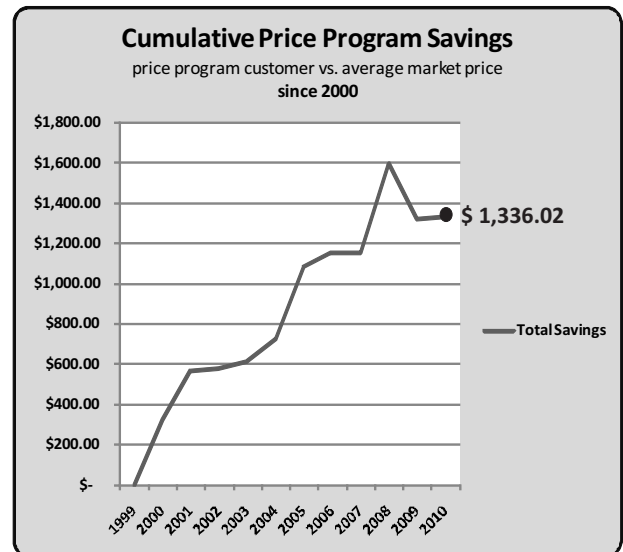
We buy your fuel in advance at the best price we can. This effectively becomes the ceiling price. Since we own the fuel contracts, we know the price can't go above that level. We also purchase 'price protection' (i.e. insurance) in case the market price goes below the ceiling price. With this protection, we can follow the market price down and make deliveries below the ceiling. Because price protection does have a cost factor, you may be charged as much as 35 cents more than the current market price with cash discounts applied. However, when market prices go above the ceiling price, *your price will never exceed the ceiling price.*

### What is your track record?

We have offered price programs since 1990. For nearly two decades we have passed meaningful savings onto our program customers, making most deliveries below the market price.

While it is true there may be times when the cost of program fuel will be higher than the average market price, as was the case this past year, over the last 15 years we have seen the majority of price program deliveries come in at less than the market price.

**Chart: Over the last 10 years our price program customers have saved an average \$1,336.02 over customers who paid the average market price.**



### Why is the program price sometimes higher than the market price on the day of delivery?

The price program is like an insurance policy, protecting you from the worst kind of price volatility (the upward kind!) Please remember, the ceiling price program does not guarantee the lowest price always. Due to the timing of the fuel contracts, costs of administration, and volatility of daily cash pricing, it is not uncommon for the program price to be different than the current market price.

### How is your price program different than others?

It can be difficult to compare price programs between different companies. For example, many fuel companies charge a fee up front in order to sign up for their price program. As explained above, there are costs associated with the program, so charging a fee is how some companies recoup that. Typically this fee averages \$250 (plus tax), is non-refundable.

We do not charge a non-refundable up-front fee. Instead, we recoup the additional administrative costs in our charge price for program fuel. This means when market pricing falls below the ceiling price, our program price may be as much as 35 cents over market pricing with cash discounts applied. But again, your price will never go over the ceiling price.

### Can I get off the price program if I change my mind?

With your commitment, we are able to go out and secure your fuel and accompanying price protection. If you choose to get off the program mid-year, you will not be able to “re-join” the program later in the winter. Further, you may be subject to a fee if you wish to sign up for our price program in the future. Our advice: *insurance only works when it stays in place*, and we recommend our customers keep their price protection in place for the same reason.

### When and how can I sign up?

We typically sign up people for price programs as early as June in any given year. If you are interested in our price program, please give us a call. Don't delay, for our supply is limited and we offer this program on a first come - first served basis.