

Preparing for Winter's Chills and Bills a little planning goes a long way

According to the *US Energy Information Agency's Oct 2011 Short Term Energy Outlook*, heating oil prices are expected to run about 10% higher than last winter. Other sources predict much higher prices, and some say lower prices are on the way. The same ridiculous predictions are made about the seasonal weather forecast. A little searching can find a full range of predictions. One thing we have learned is predictions are always a gamble when it comes to energy prices and the weather.

It is true that prices are higher this year for many fuels, but we don't yet know how that will play out over the course of the heating season. Your overall cost to heat your home will vary depending on the *combined* effect of global energy markets and weather patterns.

One thing we know for sure is heating a home is not a small expense, and smart consumers plan well ahead to make sure they can cover the cost. "Our goal is to have an informed customer, a customer that has the tools they need to meet the demands of higher energy costs this year," says Penny Dietrich. We figure it is better to err on the side of caution, and believe it is never too late to make positive changes.

On our website, you can find lots of information about efficiency and conservation (<http://www.sdpetroleum.com/learning-center.php>) Basic efficiency and weatherization strategies can make a real difference in fuel usage rates. Our price program is another tool we offer that has consistently helped our program customers plan for home heating costs by setting a ceiling price and spreading out payments over the year. We can still accommodate additional program customers. Whether you want to be on the price program or not, making regular payments, like a car payment, is often a lot easier for people to manage. Call our office to see what we can set up for you.

Some of our customers may also be surprised to learn they qualify for heating assistance dollars (HEAP) from the State of New York (*see right*). If you decide to apply for HEAP benefits we urge you to get right on it as funds are more limited this year. Even if you do qualify for HEAP benefits, we also recommend you supplement the HEAP benefit with payments of your own. Start now with a manageable monthly sum, and you'll be ahead of the game however the weather or global oil markets progress over the winter.

Home Heating Assistance Available Beginning November 16th

The State Office of Temporary and Disability Assistance (OTDA) has announced that New York State's Home Energy Assistance Program (HEAP) will open for the season on Wednesday, November 16th. HEAP provides assistance to help low-income and elderly New Yorkers keep their homes warm in the winter months.

"As the cold weather approaches, so do higher energy bills, leaving many New Yorkers looking for help to cover these costs," said OTDA Executive Deputy Commissioner Elizabeth Berlin. "With heating oil prices significantly higher than a year ago, HEAP is providing vital assistance to the many individuals and families who may have difficulty affording the cost of heating their homes this winter."

HEAP is a federally-funded program administered through OTDA to help eligible households in meeting their home energy needs. Last winter, more than 1.4 million households received HEAP benefits.

This winter, the maximum regular HEAP benefit a household can receive is \$500. Eligibility is based on income and household size. For example, a family of four can have a household income of up to \$49,519 annually and still qualify for a HEAP benefit.

Income eligible households in New York can receive one regular HEAP benefit per season and could also be eligible for an emergency benefit if they are in impending danger of running out of fuel or having their utility service shut off. Applications for emergency benefits will be accepted beginning January 3, 2012.

Applicants are encouraged to apply early, as HEAP benefits are awarded on a first-come, first-served basis. March 16, 2012, will be the last day for accepting applications for regular HEAP benefits.

New York residents can check to see if they may be eligible for HEAP, and numerous other benefits, by answering a few questions privately online at myBenefits.ny.gov.

Penny Dietrich reached a major milestone at S&D Petroleum this past month - she has been with the company for 40 years. Her dedication and depth of experience is at a level few achieve.

Penny started at S&D in 1971. "I was just a kid," she reflected recently, "I had no idea it was the beginning of a 40+ year career." In just 8 years, Penny became Manager at the location, and soon after, President of S&D Petroleum.

Forty years ago S&D was located just down the street from the current location. Then a small garage near the Old Great American Grocery Store in downtown Cincinnati became available. Where others saw a dated 2-bay garage, Penny saw potential. Soon more petroleum storage was added and Penny was ready to hatch her best ideas yet.

She pitched her idea to convert one of the 2 garage bays into a small convenience store to the owner of S&D. She knew the town was in need of a small market. It didn't take long to convince the Board and soon S&D Mini-Mart was open for business.

It was a humble beginning. The store consisted of a row of coolers for soda, milk, & some shelving for

Penny Dietrich 40 years of exceptional service



Penny Dietrich receiving her 40 Years of Service Award from Reinhardt Corp's CEO Rudy Ballard, and Board Chair, Elizabeth Levey

grocery items. Before long the case for success had clearly been made, and the 2nd garage bay was converted for more store space. Now the Mini-Mart was a fully fledged convenience store, and the Home Heating offices had just enough room. Penny remembers, "It wasn't always easy, but I am proud the Mini-Mart has grown to be such a success."

Meanwhile, S&D's fuel delivery business continued to grow. Penny, always looking ahead, thought about how to expand and offer

more to our customers. The answer came to her clear as a bell: Propane. Starting out with 10 customers, it has grown to over 900 propane customers today. Quite an accomplishment.

Because of Penny Dietrich, S&D is more than "just a business." Penny has many long term employees who stay because she is a great team leader, and the business is more than an office. It is a community beacon, a place where neighbors meet and greet. A place where there is always a ready smile and a helping hand.

Over the course of 40 years, it is not surprising to note a lot has changed. Indeed, many small businesses have failed along the way, but with Penny's consistent leadership, hard work, perseverance, and dedication, S&D is positioned to be here serving the community for many years to come.

"I didn't do this alone, you know," she explains, "There were lots of helpers and good support along the way, but I know it all happened because I had the vision and the fortitude to pull it off." We couldn't agree more - Thank you Penny for your 40 years of dedicated service at S&D Petroleum. Congratulations!

Third Party Notice

There are times in life when you may be unable to contact us because you are sick, or disabled in some way. By providing our company with a third party, (i.e. friend, relative, community organization), we can find someone to contact in the event that we are forced to terminate fuel deliveries because of unpaid bills.

This "third party" is not responsible for your bill in any way. You should choose someone who will get in touch with you after receiving the notice, and help you resolve the problem. Just fill out this form and send to our office:

S&D Petroleum
2761 State Highway 26
Cincinnati, NY 13040



I request that any notice stating my heating fuel deliveries may be terminated due to unpaid bills should also be given to the "third party" specified below:

Name: _____ e-mail _____
 Address: _____
 City, State, Zip: _____
 Phone: _____ Acct #: _____
 Signature _____ Date: _____

Name of person or organization to be notified:

Name: _____
 Address: _____
 City, State, Zip: _____

I (we) agree to receive any Notice of Termination for information purposes only, without obligation to pay amounts owed.

Signature _____ Date: _____

Don't Pay Fees - when you need Fuel

As we enter into the heart of the heating season, we thought it would be a good time to remind you some of our key delivery policies. By following these guidelines you can avoid fees.

If you are a **will call customer** we ask you to place your fuel order a full week ahead of when you need it so we can fit you into our delivery schedule. We require a minimum order of 100 gallons. Do not let the tank run dry. Propane customers will be charged a 10 cent premium when ordering less than the minimum.

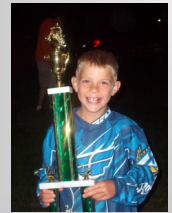
If you cannot wait and require **emergency delivery**, you will be charged a fee of \$65.00 + tax, or \$85.00 + tax on nights and weekends. If this seems high, please remember in order to deliver you on an emergency basis we have to make a special trip to your home which may also incur overtime expenses. On average it costs us about \$4.20 a mile to run a delivery truck. **We encourage you to confirm you are out of fuel before ordering on an emergency basis.**

If you are on **automatic delivery**, we will make sure you do not run out of fuel. You do not have to check your tank, place a call, or remember to schedule a delivery. Just relax and stay warm!

S&D News and Notes



Thomas Terry, S&D driver, is also a volunteer fireman helped in rescue for Binghamton victims in the recent flooding. We are grateful for volunteers like Tom who help make our community a better place to live.



S & D is proud to be a sponsor of local youth activities and events. Mason Rice is pictured here with his motocross trophy he won this fall. That a way Mason!

For the retailer, higher prices do not equal more profit

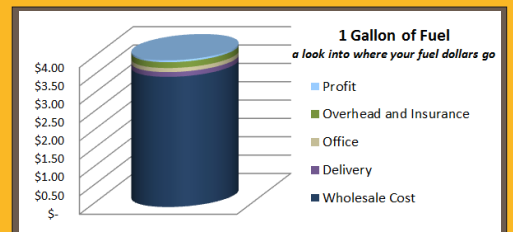
When prices for energy are on the rise it is typical for consumers to blame the local retail outlet for the increase. Most often, however, the very opposite is true.

When wholesale costs are on the rise, retailers end up taking a lower % gross profit, and instead will strive to keep a minimum cents per gallon profit to cover their operating expenses. Amazingly, in surveys of gasoline consumers most people thought the profit for the local station on a gallon of fuel was in the range of \$1.00 per gallon, when profit is closer to \$0.05 - and sometimes less!

The same is often true for a home heating fuel retailer like us. When underlying wholesale costs for fuel are increasing, and since pricing on the street typically lags wholesale price swings, we sometimes struggle to maintain a gross profit that adequately covers our

operating expenses. The last thing we want to do is raise the price to our customers.

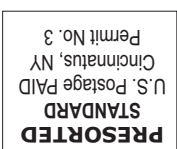
The chart to the right shows a breakdown of underlying costs, and the eventual profit we make from a gallon of fuel oil sold based on current market pricing:



If all goes according to plan, only about 1% of sales, or 4 cents per gallon, makes it to the bottom line and becomes profit. Like most retail businesses, we are not trying to make a killing, just a living. Unlike "big oil" companies, we do not increase our profit margins when prices for fuel are on the rise

Next time you are frustrated with the cost for fuels, please remember, your local provider is probably frustrated too.

or current resident



S&D Petroleum
2761 State Hwy 26
Cincinnati, NY 13040

