

# OIL & ENERGY

OILHEAT • PROPANE • DIESEL FUEL • BIOFUELS



## Service Management Spotlight

### **Just A Mouse Click Away:**

*Tech Advances Will Change How Service Managers Repair Systems*

### **Also Inside:**

**Fifty Homes Developed With Oilheat**

**Q&A: NAOHSM's Judy Garber**

**Biofuel 101: What You Need to Know**

**Mixing Oilheat and Conservation**

**Is It Time to Sell Your Company?**

**FYI: Sean Cota Named to CFTC Board**

Publication of the New England Fuel Institute  
Volume 10/Issue 5



NEW ENGLAND  
FUEL INSTITUTE

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## MASS. REP. SLAMS BIOFUEL SUPPORT

Amid rising concerns that greater biofuel use has led to a spike in food prices, U.S. Rep. James McGovern from Massachusetts told *The New York Times* last month that it was a mistake for the U.S. Congress to have emphasized the production of the new energy source.

"If there was a secret vote, there is a pretty large number of people who would like to reassess what we are doing," McGovern said, according to the *Times* story.

His comments come as state leaders and McGovern's Massachusetts colleague, Rep. William Delahunt, push to expand biofuel production and use in Massachusetts. In November, Gov. Deval Patrick joined Speaker Salvatore DiMasi and state Senate President Therese Murray to unveil a bill requiring all diesel and home heating fuel sold in Massachusetts to contain a minimum two percent of renewable, bio-based alternatives by 2010, increasing to a five percent minimum by 2013.

## BILL TO HELP RETAILERS ON PRINTED RECEIPT RULES

In an effort to clarify recently enacted laws to prevent identity theft, Oilheat and petroleum dealers are backing new federal regulation offering retailers increased protection from fines and litigation relating to printed credit card receipts issued during the regulatory transition period.

Under Federal Trade Commission regulations that took effect Dec. 1, 2006, merchants must display no more than the last five digits of a credit card number and must omit the card expiration date on all electronically processed receipts given to customers. The receipt restrictions are designed to limit available financial information to prevent identity theft.

But after the compliance deadline passed, hundreds of lawsuits were filed alleging that the failure to remove the expiration date was a willful violation of the Fair Credit Reporting Act (FCRA) even where the account number was properly truncated. None of the lawsuits contained an allegation of harm to any consumer's identity. Despite repeatedly being denied class certification, the continued appealing and filing of these lawsuits represents a burden on hundreds of retailers.

The new legislation, HR 4008, amends the FCRA to declare that any person who printed an expiration date on a receipt provided to a consumer cardholder at a point of sale (POS) or transaction between Dec. 4, 2004 and enactment of the Act, but otherwise complied with FCRA requirements for such receipt, shall not be in willful noncompliance of the rule.

## CAP-AND-TRADE BILL TOPS \$1 TRILLION: CBO

A non-partisan congressional budget watchdog group has calculated that U.S. taxpayers and businesses would spend more than \$1 trillion over a decade if legislation to establish a cap-and-trade climate control program is signed into law next year.

Recently, the Congressional Budget Office (CBO) issued a cost analysis of S. 2191, the Lieberman-Warner cap-and-trade climate-change bill. The pending legislation would require EPA to establish two cap-and-trade programs aimed at reducing the emission of greenhouse gases in the United States over the 2010-2050 period. A cap-and-trade program is a regulatory policy aimed at controlling pollution emissions from specific sources.

## THE DIFF.

### Spot Prices (Cents/Gallon) as of May 15, 2008\*

New York Harbor No. 2 Fuel Oil / Heating Oil	New York Harbor No. 2 Diesel Low Sulfur	U.S. Midcontinent No. 2 Diesel
<b>333.25</b>	<b>347.50</b>	<b>345.00</b>

\*Figures taken from Energy Information Administration's "This Week In Petroleum."



## THE BAROMETER

### Comparing Heating Oil to Other Financial Products

	May 16, 2008	One Year Ago
No. 2 Fuel Oil/New York (Cents/Gallon)	333.25 Cents/Gallon	180.95 Cents/Gallon
Crude Oil (Dollars/Barrel)	\$114.80	\$63.63
10-Year Treasury Bill	3.60%	4.73%
30-Year Mortgage	5.88%	6.19%
Dow Jones Average	12,619	12,317



# There's No Getting Away From The Law.

## Mandatory Drug & Alcohol Testing Regulations for Motor Carriers...

### It's The Law!

The Federal Motor Carrier Safety Administration (FMCSA) requires strict compliance with Federal drug and alcohol testing regulations for motor carriers and drivers. Employers in violation are subject to civil and criminal penalties.

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**Service Managers Are Just a Mouse Click Away From The Job** ..... **12**  
*Rapid advances in wireless communications and diagnostic devices will increase the number of heating systems that can be serviced off-site from 10 percent today to more than 50 percent in five years. Technicians and service managers need to be ready for the change.*



**All in a (Long) Day's Work for Service Managers** ..... **20**  
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*Two conservation consultants said Oilheat companies need to move quickly and incorporate energy saving practices into their business.*



**The Sleeping Dogs Are About to Howl** ..... **40**  
*Richard Goldberg of Warm Thoughts Communications says dealers must communicate with customers on high oil prices. Goldberg can be reached at 201-330-9276 extension 222 or rgoldberg@warmthoughts.com*



**Things That Make You Go Hmmm...** ..... **42**  
*Over the years, Bruce Marshall of Emerson-Swan has seen some things in the field that absolutely boggles the mind, ranging from the incredibly stupid to the completely absurd. Marshall can be reached at 781-986-2000 extension 118 or bmarshall@emersonswan.com*



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*Lora Claus of Hedge Solutions said just when to purchase oil for next year is a tough one but a little know-how can minimize your costs. Claus can be reached at lora@hedgesolutions.com*



**Biz Tip: Is It the Right Time to Buy or Sell an Oil Company?** ..... **47**  
*John Nardozi of Nardozi Consulting LLC asks: Is this the best time to sell your company? Is it a good time to grow your business by buying a competitor? It's all in the timing. Nardozi can be reached at jnardozi@nardoziconsulting.com*



**Weather Trends: Ongoing La Nina Likely Means Early, Hot Summer** ..... **52**  
*John Bagioni of Fax-Alert Weather Service says the impact of a very potent and long-lasting La Nina will be a steady warming to the country. Bagioni can be reached at johnbag@comcast.net*

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Legislative & Regulatory Action Center

## NEW ENGLAND FUEL INSTITUTE confronts multiple issues and regulatory assaults on the well being of the independent fuel distribution industry via the NEFI Legislative and Regulatory Action Center (LRAC).

### Your 2008 financial support is needed.

Now more than ever, the New England Fuel Institute is taking on the challenges and opportunities that matter to its members and the industry at-large. Due in large part to NEFI's growing and nationally-recognized Legislative and Regulatory Action Center, we are tackling the biggest issues facing the industry in decades — perhaps in our history.

We would not be able to pursue action on behalf of fuel marketers were it not for the generous contributions of NEFI member firms and others in prior years.

*We extend a most appreciative thank you to all those who have participated in the past. We ask those companies to join the effort again in 2008 and to encourage newcomers from all affected businesses to support our efforts.*

Unprecedented volatility and surging futures prices on energy commodities markets remain at the forefront of items for which we seek relief and resolution. Loopholes in federal law have allowed speculators to drive up the price of energy with disregard for consumers and the economic fundamentals of supply and demand. NEFI has led the charge, bringing national attention to the issue, building essential coalitions, educating the public, supporting federal legislation, and laying the groundwork for victory and futures prices based on facts and figures, not fear and greed.

NEFI continues to be on alert for federal regulations that affect your business, opposing harmful regulation and providing guidance on important new rules. As but one example, when new Environmental Protection Agency rules required a transition to lower sulfur diesel fuel, NEFI provided the only timely and vital compliance resource to members, saving them from fines of up to \$32,500 per day, per violation. That is concerted action... made possible via LRAC.

**Please respond to our request for a supporting contribution by mail** Send check to NEFI LRAC, Box 9137, Watertown, MA 02471.

**Or you may contribute online at [www.nefi.com/payment.php](http://www.nefi.com/payment.php)**  
Check the LRAC box and submit the completed form.

**A list of NEFI's most recent and extensive achievements, made possible by LRAC funding, can be found at [www.nefi.com/LRAC](http://www.nefi.com/LRAC). We encourage you to review the list. It demonstrates our capacity to apply the valuable dollars you provide to the most important needs of our time.**

### Among NEFI's many resources that work to serve you:

- A skilled government relations staff that coordinates communication efforts with the U.S. Congress and federal agencies on legislative and regulatory issues; and constantly monitors activity in Washington for developments of interest to you, and ACTS when our industry's interests are threatened.
- Legislative Action Alerts and our online Legislative Advocacy Center ([www.capwiz.com/nefi](http://www.capwiz.com/nefi)) keep you informed of urgent developments in Washington that may require immediate action.
- Experienced Regulatory Counsel in Washington, DC, provide updates and expert guidance on impending or proposed federal regulations and provides consultation directly to members dealing with legal issues related to regulatory compliance and enforcement.
- Easy-to-understand Compliance Kits and Bulletins will help you come into compliance with new and existing rules and regulations, saving you valuable time and money.
- A new, members-only regulatory guidance website (coming online soon!) that will be a 24-hour depository of our regulatory guidance documents, bulletins, and lists of "frequently asked questions."
- Significantly improved communication and coordination of efforts between state and industry associations in New England and around the country, including PMAA, NAORE and others.
- Involvement with vital alliances and national coalitions including the LIHEAP Coalition, NEFI-led Energy Market Oversight Coalition and a new Oilheat industry public relations alliance.
- NEFI Energy Online News! (NEON) electronic newsletter keeps you up-to-date on weekly developments in the Halls of Congress and beyond... providing news headlines, updated NEFI education and training information, local news updates from each of the New England state associations and the National Oilheat Research Alliance (NORA).

## NEFI's Cota Named to Futures Advisory Board

For the first time in history, a leader of the Oilheat industry was selected to serve on an advisory committee within the U.S. Commodity Futures Trading Commission (CFTC), and on a new committee that was in part created at the urging of NEFI.

Sean Cota, President of Cota & Cota Oil & Propane in Vermont and the past Chairman of the Board of the New England Fuel Institute (NEFI) has been invited to be a member of the newly created Energy Markets Advisory Committee by Acting CFTC Chairman Walter Lukken.

In a letter to Cota, Lukken said, "industry experience and insights on energy market issues would greatly benefit the Commission."



Sean Cota

"NEFI is elated that one of our own has been invited to sit on such a prestigious Committee," said Shane Sweet, President and CEO of NEFI. "It is indicative of the respect for Sean's work and the visibility that his efforts have brought to our issues."

Cota has spearheaded the drive to stem what many see is the overriding influence of speculators in the energy trading markets. A growing number of industry observers believe record energy prices are due to loopholes in federal oversight of these

markets and large money managers buying into energy commodities as a hedge against the economic downturn.

The new committee will play an important role in the CFTC's effort to meet the regulatory needs of the ever-evolving domestic energy market. The board is made up of a diverse membership of people in the energy industry including market users, consumer groups, energy providers, end users and industry trade groups. The commission will convey to Lukken and other CFTC members the views and interests of the organizations, groups and interests they represent.

The committee's mission is to work with the CFTC and representatives of other energy interests to arrive at policy recommendations that will benefit all market players and ensure market integrity. Committee members will also provide the CFTC their personal expertise, just as long as it doesn't conflict with or supersede their primary role as representatives of their organization or group.

The commission will meet at least twice a year in Washington, D.C.

## NEFI's Cota Testifies Before Senate on Oil Speculation

NEFI President Sean Cota went before the U.S. Senate Energy & Natural Resources Committee in April to testify before Senators on the role of non-commercial, institutional investors on the price of oil.

Among the policy recommendations under consideration, Cota spoke in favor of closing the Enron and Foreign Market Trading loopholes that have allowed speculators to trade in so-called dark markets, free of federal oversight. He also called for the reduction of the dominance of non-physical players in the commodities markets. Cota told the senators that the market is now being entirely driven by pure "pen and paper" speculators and called for Congress to consider Connecticut Rep. John Larson's "Consumer Oil Price Protection Act," banning those speculators from the market.

Cota and Sarah Emerson of Energy Security Analysis, Inc. said they supported action that would increase in-margin requirements as an immediate attempt to reduce the effect of market speculation. Commodity Futures Trading Commission Chief Economist Jeffrey Harris also confirmed that the CFTC is under-staffed, under-funded and lacked sufficient oversight authority to oversee trading activity.

During the hearing, Senators Byron Dorgan (D-N.D.) and Maria Cantwell (D-Wash.) called for an end to the Enron Loophole.

Also attending in support of Cota were Jim Collura, NEFI Vice President for Public Policy and Communications; Sherri Cabrera, Petroleum Marketers Association of America's (PMAA) Director of Legislative Affairs; and Rob Underwood, PMAA's Manager of Congressional Relations. Also testifying was John Eichberger, National Association of Convenience Stores (NACS) vice president of government relations. NACS is a member of the Energy Market Oversight Coalition with NEFI and PMAA.

## Study Finds One in Ten B100 Samples Fail ASTM Specs

One of every ten samples of B100 biodiesel failed the ASTM Standard for diesel fuel, according to results of the Department of Energy's annual national biodiesel quality study.

The survey, "Results of the 2007 B-100 Quality Survey," found that 89.6 percent of samples from large



producers of B100 met all ASTM specifications. While a significant number of smaller biodiesel producers still fail to meet the ASTM standards—30 percent of samples were not up to standards—the overall quality of biodiesel has improved since the last EIA survey. A similar B100 study in 2006 found a failure rate of 59 percent.

The survey measures B-100 samples for compliance with ASTM Standard D-6751. The survey is important because B100 must comply with D6751 specifications to be considered a certified fuel and qualify for the federal renewable fuel tax credit.

A copy of the study is available at <http://www.doe.gov>.

## DOE Disagrees with Industry on Need for Release from Northeast Heating Oil Reserve

Despite calls from an increasing number of representatives of the Oilheat industry and industries that rely on diesel fuel, Department of Energy officials in April again reiterat-

ed President Bush's reluctance to release product from either the Strategic Petroleum Reserve or the Regional Heating Oil Reserve in order to provide "price relief."

Several representatives of the Oilheat industry, including NEFI President Sean Cota, Vice President for



Public Policy Jim Collura, Regulatory Counsel Mark S. Morgan, Esq., and PMAA Manager of Communications & Heating Fuels Division, Brandon Wright, who met with DOE staff in early April, said the meeting opened the door to a number of future potential policy reforms. DOE staffers expressed support for adding a biodiesel component to the reserves and seemed interested in further discussing the existing statute and the potential of expanding the reserves at some point in the future.

## Recent Find Repudiates Peak Oil Claims

A recent report that shows a North Dakota oil field contains at least 25 times more recoverable oil than previously believed calls into question claims that the world has reached a "peak oil" tipping point, said home heating oil advocates recently.

"The recent report from the U.S. Geological Survey (USGS) makes it pretty hard to believe those who say we're at peak oil right now," Shane Sweet, chief executive officer and executive vice president of the New England Fuel Institute, said today.



"Given what we now know about the extent of the oil in the Bakken field, as well as other recent finds, it's clear that there is enough recoverable supply to last us for at least another 200 years or so."

## New Officers Elected for NEFI, NEFI Education Foundation

The New England Fuel Institute elected its new board of officers, vice presidents and officers for the NEFI Education Foundation for 2008-2009 at its annual meeting held in April.

### OFFICERS

**Past Chairman of the Board:** Sean Cota, Cota & Cota, Inc., Bellows Falls, Vt.  
**Chairman of the Board:** Christopher Keyser, Owner Services, Inc., Proctor, Vt.  
**First Vice Chairman:** Howard Peterson, Jr., Peterson Oil Service, Inc., Worcester, Mass.  
**President & CEO:** Shane Sweet, New England Fuel Institute, Watertown, Mass.  
**Secretary:** Edward P. Scott, Jr., Scott Oil Company, Manchester, Mass.

### VICE PRESIDENTS

**Connecticut:** James F. Meehan, Peterson Oil, Portland, Conn.  
**Maine:** Marc Lacasse, Augusta Fuel, Augusta, Maine.  
**Massachusetts:** Sandra Farrell, Northboro Oil Co. Inc., Northboro, Mass.  
**New Hampshire:** Bryant Robertson, Cheshire Oil Company, Keene, NH  
**Rhode Island:** Michael Januario, Sunshine Oil Company, Bristol, RI  
**Vermont:** Peter Bourne, Bourne's Oil & Propane, Morrisville, Vt.

### OFFICERS, BOARD OF TRUSTEES, NEW ENGLAND FUEL INSTITUTE EDUCATION FOUNDATION

**Past Chairman of the Board:** Sean Cota, Cota & Cota, Inc., Bellows Falls, Vt.  
**Chairman of the Board:** Christopher Keyser, Owner Services, Inc., Proctor, Vt.  
**First Vice Chairman:** Howard Peterson, Jr., Peterson Oil Service, Inc., Worcester, Mass.  
**President, CEO and Treasurer:** Shane Sweet, New England Fuel Institute, Watertown, Mass.  
**Secretary:** Robert A. Manzelli, Munhall Fuel Co., Inc., Watertown, Mass.



The so-called "peak oil" school of thought holds that most of the world's oil supply has already been exhausted and that the supply will dry up entirely sometime in the not-too-distant future, perhaps as soon as 10 years.

The USGS report on the Bakken Field, though, shows that such "peak oil" claims are, at best, subject to question.

According to the USGS report, the Bakken Field holds somewhere between 3 billion and 4.3 billion recoverable barrels of oil. The agency's previous assessment, from 1991, put the estimate at 151 million barrels.

Recent finds in Mexico, as well as recent news suggesting that Brazil's oil fields may be larger than previously thought, also make "peak oil" claims harder to believe.

The Bakken Field confirmation, in addition to the Jack-2 discovery in the Gulf of Mexico in 2006 that itself added an estimated 50 percent to U.S. reserves, effectively mutes the "peak oil" hysteria floated by some. Cambridge Energy Research Associates (CERA) predicts world oil and natural gas liquids capacity could increase as much as 25 percent by 2015. "Peak Oil theory is garbage as far as we're concerned," said Robert W. Esser, a CERA director.

## DOE Survey on Petro Products Sent to Select Marketers

A new round of inventory surveys were randomly mailed to selected retail and wholesale petroleum marketers by the U.S. Energy Information Administration (EIA).

The *Petroleum Product Sales Identification Survey* (EIA-863) and *Resellers/Retailers' Monthly Petroleum Product Sales Reports* (EIA-782B) are mandatory for all recipients pursuant to Section 13(b) of the Federal Energy Administration Act of 1974. Form EIA-863 is a tri-annual survey that collects information on the annual sales volumes, type and geographic location of firms that deal in petroleum products. Information obtained from Form EIA-782B and EIA-863 is used to analyze trends within petroleum markets. Summaries of the information and the analyses are published by

the EIA in publications such as *Petroleum Marketing Monthly*.

Additional help can be obtained by calling the EIA-863 Hotline at 1-800-382-0630 or the EIA-782B Hotline at 1-800-638-8812.

## This Year's VISIONS Venue and Dates Set

The 2008 Visions Conference ([www.nefi.com/visions](http://www.nefi.com/visions)) will be held at the Hilton Boston Logan Airport Hotel in Boston, Mass. on Sept. 8-10, 2008. Mark your calendars now, and call Tracy Goodwin, NEFI's Vice President & Director of Events at 617-923-5015 or email [tracy@nefi.com](mailto:tracy@nefi.com) for information. Visions will again be



held in cooperation with Petroleum Marketers Association of America ([www.pmaa.org](http://www.pmaa.org)), National Oilheat Research Alliance ([www.nora-oilheat.org](http://www.nora-oilheat.org)), and state Oilheat associations throughout the country. Don Craft of Global Petroleum and Craig Snyder of Wesson, Inc. have co-chaired the Visions Planning Committee for the past four months.

## Ways & Means Chairman Backs Speculator Legislation

The powerful chairman of the U.S. House of Representatives Committee on Ways and Means, Rep. Charlie Rangel (D-N.Y.), has recently thrown his considerable political weight behind legislation to dampen the influence of financial speculators in the energy sector.

"I agree with Congressman John Larson's bill, because it addresses the problem of inflationary impact of speculation upon energy prices," Rep. Rangel said in a letter to John Maniscalco, Executive Vice President of the New York Oil Heating Association.

Rep. Larson (D-Conn.) recently introduced the "Consumer Oil Price Protection Act," which would prohibit participation of energy speculators in the futures market unless they have the capacity to take delivery of product. Eleven Oilheat industry groups including the Independent Connecticut Petroleum Association and NEFI are backing the legislation.

"It is reasonable to make it unlawful for anyone to buy, sell, or hold future positions in energy commodities like crude oil, heating oil, gasoline or diesel fuel unless they have the capacity to accept final physical delivery of the commodity," wrote Rangel.

## NEFI Welcomes New Members

New England Fuel Institute welcomes three new members.

### Adirondack Energy Products, Inc.

Contact: Sean Burke  
PO Box 355  
Malone, NY 12953  
Phone: 518-483-3835  
Fax: 518-483-2005  
E-mail: [sean@adirondackenergy.com](mailto:sean@adirondackenergy.com)  
Adirondack also provides kerosene, propane, gasoline, diesel over the road and off road. They also have C-Stores.

### Harris Oil, Inc.

Contact: Daniel Mills  
PO Box 268  
Brushton, NY 12916  
Phone & Fax: 518-529-0353  
E-mail: [millsdsm@yahoo.com](mailto:millsdsm@yahoo.com)  
Harris Oil also provides kerosene and diesel off road.

### MX Petroleum Corp.

Contact: John Baird  
PO Box 638  
Massena, NY 13662  
Phone: 315-769-9500  
Fax: 315-764-9934  
E-mail: [jbaird@mxfuels.com](mailto:jbaird@mxfuels.com)  
Web: [www.mxfuels.com](http://www.mxfuels.com)  
MX Petroleum is a retail fuel dealer and also provides kerosene, gasoline, diesel over the road and off road and biodiesel.

A hand is holding a brown football. A white sign with a black border is attached to the top of the football. The sign features a large black arrow pointing downwards with the text "PLEASE Take A Number" written inside it. The background is a gradient from light to dark.

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- Bulk Plant Equipment
- Burners (Burners, Controls, Ignition)
- Combustion Products
- Computer Services/Systems
- Convenience Stores
- Energy Conservation
- Environmental
- Filtration
- Forms, Tickets
- Fuel Delivery: Software/Hardware
- Fuel Transport
- Furnaces
- Heating Controls
- Heating Systems, other
- Humidifiers
- Insulation
- Insurance
- Materials Handling
- Meters, Fuel and other
- Nozzles, Filters, Valves
- Oil Product Hedging/Trading
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- Oil Storage Tanks
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**SIGN ON NOW TO REACH THESE TARGET MARKETS FOR THE 2009 EXPO.**

## OILHEAT



The primary market driver for our EXPO for over 60 years, the audience is as viable as ever with over 8 million homes and businesses in the Northeast and Mid-Atlantic sold and serviced by EXPO attendees. These business owners and managers are looking for new and innovative ways to serve a marketplace in transition to fuel efficient heating and hot water.

## BIOHEAT®



Following guidelines established by the National Oilheat Research Alliance (NORA), the fuel distributor population that incorporates Bioheat® into their delivered product continues to grow. Going forward, there is encouragement by several states for Bioheat® incentives. The uptrend is “green,” as marketers respond to homeowner enthusiasm for “home grown” fuel resources. There will be companion Bioheat® seminars at the New England Fuel Institute (NEFI) Business Conference, held in tandem with the EXPO during non-show hours.

## DIESEL FUEL / GASOLINE / C-STORES



If you are involved with trucks and transport in any fashion, you recognize that on-highway demand is what drives the distillate market. With the advent of ultra-low sulfur fuel and biodiesel, there are a host of opportunities to present your products and services before diesel fuel resellers, many of whom augment heating oil distribution with sales to truckers via roadside pumps and truck stops and scheduled fillups to fleets within customer yards. Many of our attendees are diversified petroleum jobbers who own/operate independent service stations and C-stores, a key component to their overall profits — and certainly an added value opportunity for EXPO exhibitors.

## PROPANE



A growing part of the product and marketing mix, Oilheat companies continue to broaden their home services scope by making the substantial capital commitment to propane. Conversely, major propane distributors now own and oversee heating oil divisions. “Covering all bases” is the appropriate catch phrase for these companies and you’ll find their decision makers present at the 2009 EXPO.

## SOLAR

A slice of the market now, a growth segment in future years, conventional fuel distributors are looking at what it takes to augment current heat and hot water equipment with solar systems. If you provide solar to new home construction and/or retrofits, the EXPO provides you on-site access to the nation’s leading full service Oilheat companies who have the largest independent base of established homeowner customers and are exploring the profit avenues that solar tie-ins can provide.



Over 12 billion gallons of No. 2 distillate are sold annually by marketers attending the EXPO, accounting for 85% of all No. 2 fuel oil sales in the U.S.A.



## Managers Are Just a Mouse Click From The Job

### In Five Years, One in Two Commercial Systems Will Be Laptop Ready

By Franklin B. Tucker

**A CALL COMES IN AT 11 P.M. A SUDDEN MALFUNCTION** has shut off the heat in a wing of a large suburban hospital. If it isn't repaired soon, hundreds of patients and staff will be forced to relocate, creating confusion, cancelled appointments and forcing the hospital to face an expensive repair bill. A call is made to the service manager.

By the way, the call from the hospital was not by the physical plant manager. In fact, the message did not come from a human. The heating system phoned the service manager.

But rather than sending a small army of technicians out to make a systematic and time-consuming search of the entire heating

**"We'll see the industry change rapidly in the next 20 years to where 80 percent of all work can be performed off-site."**

**—Dave Connors, Buderus**

system, that service manager located miles away in his office opens his laptop, goes online and begins reading a series of charts as data streams into his computer over a WiFi network.

In a short time, the manager contacts a single technician and tells him that a specific

valve is stuck and what parts to bring. The tech arrives, goes directly to the location of the problem and makes the repair before the hospital's staff arrives for the morning shift. The service manager reads one final screen indicating that heat is coming back on in the hospital. He then closes his laptop. Job done.

While many Oilheat professionals who service heating and cooling systems had dreamed of such a day, for the majority of service managers, detecting a problem and then solving it from some far-flung location is straight out of the pages of *Popular Mechanics*—more futuristic than factual. But that sentiment is no longer the case. The hospital example of fast, accurate information pinpointing trouble and resolving it is achievable today, said heating manufacturers and service managers.

While only one in ten heating systems today can supply data to technicians and service managers, rapid advances in wireless communications and diagnostic devices will increase that number to more than 50 percent in a mere five years, said a manufacturing representative.

This could allow service managers to

monitor and maintain the majority of large commercial heating systems under their care from their office.

"We'll see the industry change rapidly in the next 20 years to where 80 percent of all work can be performed off-site," said Dave Connors, technical services manager for Buderus, the German-based boiler manufacturer whose latest Oilheat-based cast iron and steel commercial models are designed to be adapted to accept numerous types of data collection and communications devices.

And with the new technological advances comes the challenge for service managers and their technicians to transition from coming to a work site with a schematic, screwdriver and flashlight to relying on software and small diagnostic "readers" to do their job.

"There is going to be a fair amount of training for the vast number of service managers in their 30s, 40s, 50s and 60s so they can stay current with the new systems," said Connors. "This is going to be a real commitment."

No one will confuse a new car with a boiler or the components of a heating system to an auto's fuel injection mechanism. But the firms creating today's heating systems

**Continued on page 14...**

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**SYSTEM 2000 IS GREEN FRIENDLY**

...Continued from page 12

and those building the devices that monitor them are using methods first used by the auto industry 10 years ago, according to Greg Turner, director of global offer management at Honeywell International's Building Solutions that designs and creates diagnostic devices for the new generation of heating equipment.

Just as air-breathing carburetors were replaced by electronically controlled fuel injection setups, the modern heating system is being primed to accept the latest digital diagnostics for maintenance as well as storing data concerning the system's performance. "They're like General Motors' OnStar® system that can check the engine and then confer with a dealer when it needs to come in for a checkup," said Turner.

It all starts with the boilers. Today's state-of-the-art heating systems from companies such as Viessmann, Burnham, Smith and Buderus are being designed and built with outlets and connections built into the machinery with sensors and communication relays in mind. Buderus' Connors said all the new systems are being built to allow for dual functionality: collecting historic data or monitoring the system's current operation to provide service managers and their techs with information to solve problems from both on- or off-site.

An example of this new technology is Honeywell's Field Automation Service Technology (FAST) that has been available to customers for the past nine months. The Minneapolis-based division provides its 1,400 local technicians who provide emergency service with handheld computers that automate dispatching of workers and replace paperwork with electronic records from the systems that can be readily accessible.

And it is a small step from the standard data readers to advanced online detectors that allow service managers and manufacturer reps to remotely access information from the systems.

Yet that was not always the case. The greatest barrier in achieving an off-site service capability was retrieving real-time information from the heating system. Until recently, the cost of installing such a system meant a significant investment in infrastructure upgrades including placing numerous communication lines, relays and other phone devices on and around the boilers.

"There was no cost benefit doing it even a few years ago," said Honeywell's Turner.

But the rapid innovations in cellular and wireless communications—the same technology that has spearheaded the explosion in PDAs and smart cell phones—has made off-site data recording and maintenance available at a price where the investment

will pay for itself in a matter of months rather than years.

"It's now so easy to simply plug-in a flash memory on the machine and you're ready to print or download the information," said Turner.

In some ways, monitoring commercial heating systems has been playing catch up to the simple, but effective, information systems available to homeowners for years such as the OnWatch system.



**"It's now so easy to simply plug in a flash memory on the machine and you're ready to print or download the information."**

**—Greg Turner, Honeywell International**

Ralph Adams, service manager for Parker Fuel Co. in Ellicott City, Md., said he has been using OnWatch for the past six years to check the heating system of local "snowbirds" that spend the winter months away from their homes. The elementary system keeps check on a few basic functions such as measuring a home's interior temperature and if the system cuts off due to an electrical mishap. If such an event would occur, OnWatch will send a warning message to the service manager's phone, pager or computer.

"There was one time when the system called saying the burner had turned to the safety, something the homeowner who was in the house wasn't aware of. She told me she thought the house was getting colder," said Adams.

Yet even this segment of the market is seeing a wealth of new products. Firms such as Honeywell are introducing a new generation of diagnostic devices for home systems to assist the residential service manager. Adams, whose firm services both commercial and residential properties, said there are new products that will allow him to determine the purity of a burner flame to detect the slightest deterioration.

With continuously updated information in their hands, managers and techs can read and tackle systems that are reporting very minor abnormal readings. For example, if a boiler goes off one or two times a month, the data—which is either printed on- or off-site

or downloaded into a software package—can pinpoint whether it is a minor system glitch that can be solved relatively inexpensively or the start of a significant failure that requires prompt action.

"Many times the person in attendance cannot tell if it is the burner or the boiler," said Connors. "Now they can read the data and know what is causing the problem."

And just as important as it is in detecting debilitating problems, the retrieved data allows service managers to rate what services calls are priority and those that can be left for a later time, reducing what Honeywell's Turner calls "windshield" time—when a service manager or tech is driving to a site.

"The customer wants us to avoid trips for the silly stuff. I see a great deal of savings in time we lose if a tech can start repairs over a weekend," Turner said. "Being able to download a system's information online provides a service manager the advantage of making an off-site diagnostic."

Supplementing consumers' demands for greater service are the ever-increasing number of environmental mandates being imposed by the federal and local governments, said Connors. With the growing possibility of legislative restrictions on burning fossil fuels and emission caps, service managers are being required to run boilers at peak efficiency from the time they're installed.

"[With the data] we can set a system so it won't over-shoot or under-shoot so the burner will run at peak efficiency," said Buderus' Connors. "Just like a car looking at increasing gas mileage, we're trying to squeeze every Btu out of a heating system."

While the movement in laptop tech is overwhelming towards installing all encompassing systems, there are price barriers on the residential side most homeowners may not wish to scale, said John Bunting, president of OnWatch Electronics, Inc., of New Hampshire. While the technology allows for greater accessibility, Bunting doesn't believe that most consumers will want to change up to a more "modern" component.

"To me, there's a limited number of customers that are willing to throw in a few extra thousand dollars for an integrated system," said Bunting.

In addition, Bunting believes that something is lost relying on diagnostic problem solving. Bunting said that understanding the latest technology advances will not help a service tech figure out what is causing an obscure banging sound coming from the inside of a boiler.

"There's something to say about learning the business by example from an experienced service manager," he said. ☐

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Angel Gonzalez (second from left) of Combind Oil Company in New York City spearheaded the effort by Oil Heat Cares to replace the boiler at Emmaus House (right) in Harlem, a social service center, soup kitchen and residency for the homeless.

## An Angel Rescues Non-Profit After Losing Its Heat

By Franklin B. Tucker

**ANGEL GONZALEZ WAS PREPARING TO HEAD OFF** on a call to 112th Street and Lenox Avenue in Manhattan in February when fate intervened.

A service manager for Bronx-based Combind Oil Company, Gonzalez received an urgent e-mail from Judy Garber of the National Association of Oil Heating Service Managers (NAOHSM). She had received a call from Luis Centeno, the manager of Emmaus House located on 120th Street. He sounded desperate.

Centeno said Emmaus had been without heat since the weekend. The one-year-old boiler was not working and their oil company wouldn't deliver fuel without it repaired. Could she help?

Founded by civil rights and anti-poverty activist Father David Kirk in the mid-1960s, Emmaus House's simple motto crystallizes the large mission of the 40-year-old small non-profit: "Feeding the hungry; healing,

**"This is the sort of place that is just a great project for Oil Heat Cares because they're so deserving." —Angel Gonzalez**

housing the homeless and sick." Some people may view Emmaus as the end of the line for people without hope. But for the staff and those who depend on it, the threadbare brownstone in the heart of Harlem is a lifeline.

Emmaus offers a hodgepodge of programs including job skills, a food pantry that assists

200 families and social services for addicts and people with AIDS. The community kitchen serves 500 lunches daily and the traveling kitchen provides soup to the "hidden" homeless, those living under bridges and in abandoned homes. It also has long-term housing for 15 guests in its cramped residential wing.

Because it is a private organization that declines government assistance and since the charismatic Father Kirk's death last year, the house's future is uncertain. Centeno was told replacing the broken boiler could reach \$10,000, resulting in turning many people away and pushing the small non-profit closer to the brink of closing.

"We are here to help, and now we are looking for help," said Centeno.

But two days after the heat failed, Emmaus' long-time visiting priest, Father John Garvey from Holy Trinity Orthodox Church on Long Island, told Centeno that after sermonizing to his suburban flock of Emmaus's plight, a parishioner suggested reaching out to Oil Heat Cares.

Created by NAOHSM, Oil Heat Cares assists people and organizations without the financial wherewithal to replace their Oilheat appliances. The association raises funds to purchase heating equipment and NAOHSM members lend a helping hand by installing the equipment at no cost to the homeowner.

The next day, Centeno called around until he contacted Garber, who administers

Oil Heat Cares. She told Centeno she couldn't make any promises, only that details of the shelter's difficulties would be passed on to her members.

When the call came in, Garber first thought of Gonzalez. A few months earlier he led an Oil Heat Cares initial project in the City, replacing a one-time coal boiler for a family suffering through hard times.

Garber asked Gonzalez if he knew someone who could look in the basement of the shelter and inspect the heating system.

For Gonzalez, the call was more than just a request for help. It was a calling.

"Nothing happens without a reason," said Gonzalez. "How can you explain that I would be so close to Emmaus House when Judy called?"

Despite being outside his service area, the Bronx-native headed to Emmaus House on the first Monday of March after his scheduled call. When he arrived, he found people waiting in a winter rain, hoping to be fed by the shelter's staff.

"This is the sort of place that is just a great project for Oil Heat Cares because they're so deserving," said Gonzalez.

When he was taken to the basement of the building, Gonzalez discovered the H.B. Smith boiler had been dry fired, damaging the system. He also discovered the boiler's warranty expired two months earlier.

Continued on page 25...

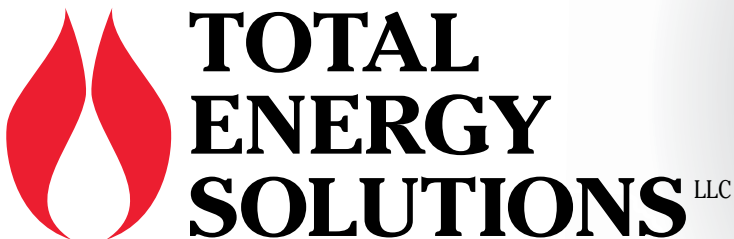


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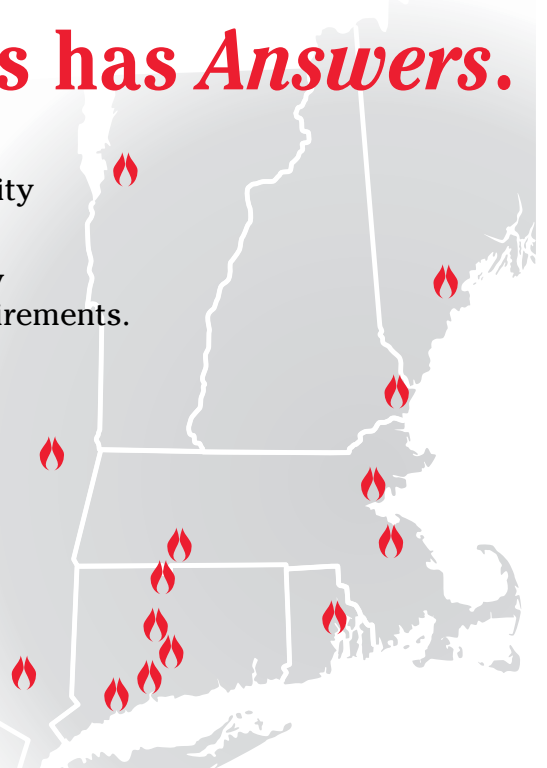
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## All in A (Long) Day's Work For Service Managers

### *The Responsibilities and Challenges for Today's Professional*

**THE OILHEAT INDUSTRY'S JACK-OF-ALL-TRADES,** today's service manager, is finding himself required to do a little of everything in a firm's business operation. Not simply obligated to manage the service technician crew, he has growing responsibilities in sales, promotions and office duties.

In the next five years, a service manager will be a leader in his company knowing the effects of biodiesel on heating systems, being

**"In many ways, a service manager is like being the head of FEMA [Federal Emergency Management Agency] because we are supposed to drop everything to take care of any emergency."**

**— Dan Gentile,  
Wesson Energy, Watertown, Conn.**

versed in the rapidly growing use of digital diagnostic equipment as well as training the staff on new services as the industry contracts and diversifies.

The two men highlighted below are service managers with more than 35 years of experience who will be on the frontlines of these changes.

George Fantacone, service manager for Santoro Oil Family of Companies in Providence, R.I., became involved in the Oilheat business in 1987 when his father-in-law died suddenly. His wife's family needed someone to lend a hand with the business so Fantacone began

trucking deliveries, performing tune-ups and anything else that needed to be done.

Soon, he discovered that he needed more training so he began taking every available course he could. But some of the best teaching Fantacone received came from bugging every old-timer he came across "with tons of questions."

After his mother-in-law sold her company to Santoro in 1993, Fantacone began started performing sizing of systems, pricings, installations and other service functions. He was named service manager in 2000 and has held that position for the largest family-owned company serving Rhode Island and southeastern Massachusetts.

Dan Gentile also got his start through a family member; his father was a service technician for Wesson Energy in Watertown, Conn. He began riding in the truck with his dad when he was 13 on deliveries. Right after high school, Gentile started in an apprentice program with Wesson and began going on the road, making deliveries and performing other maintenance-type jobs.

He then worked his way up from full-time technician to service manager in a 24 year career with this leading Connecticut energy supplier. Today, Wesson's business covers a 30-mile radius with 10,000 customers. Gentile is responsible for 12 technicians and two apprentices. As for Gentile's father who introduced him to the industry, he now is one of his son's techs.

#### **A TYPICAL DAY**

A service manager's daily routine is busy from the beginning to the end. It requires a great deal of multi-tasking skills, the ability to teach younger technicians on staff, and a willingness to learn the latest changes in regulations, technical specifications and technology. Then there are the unexpected emergencies that pop up during their day.

**Fantacone:** "A typical day for me starts around 6:30 a.m. I organize all of my technicians' work for the day. When the technicians come in, I go over any additional work sheets they may have from the prior day and price them out. Then I go over all the service calls that were done the day before and price out all the chargeable calls."

"In between, I talk to any customers that our customer service people can't help. From mid-morning on, I go out and look at jobs, give estimates, and perform service calls at problem accounts sometimes during the day. I review the generated purchase orders, and submit them so that all of our vans get restocked. I also order everything needed for any installations. Later in the day, I will do one-on-one training with different technicians. After that I try to do as much planning as possible for the next day. I usually get done between 5:30 p.m. and 7 p.m. except in the summer when I go golfing."

**Gentile:** "One of the first things I do every day is get all my service guys out the door to

**Continued on page 22...**

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...Continued from page 20

their assignments. Then I begin doing my work that includes installations, billings and a great deal of little things all day long."

"But all my plans can change at a moment's notice. In many ways, a service manager is like being the head of FEMA [Federal Emergency Management Agency] because we are supposed to drop everything to take care of any emergency. You may have to throw your plan for the day out the window when a water heater goes out."

**OIL AT \$4 A GALLON**

With their drivers delivering heating oil with a \$4 price tag, the challenge for service managers is meeting new demands from consumers.

"I think education will become more important than ever. I also think service department budgets will become much tighter, requiring creative thinking to keep us profitable."

—George Fantacone  
Santoro Oil Family of Companies,  
Providence, R.I.

**Fantacone:** "As oil nears \$4 per gallon, I spend more time with customers promoting more efficient heating, hot water and air conditioning systems."

**Gentile:** "I think people are concerned with just how quickly prices have gone so high and they're looking to use less oil. I do more updating of systems than in the past."

**AN INCREASING AMOUNT OF THE DAY**

Service managers are finding they are spending an increasing amount of their days on a series of challenges.

**Fantacone:** "I am spending an increasing amount of time explaining bills to customers."

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When money is tight, everyone is much more careful with their money."

**Gentile:** "That is a tough one because it is a bit of everything. There is a lot more teaching going on."



**DIVERSIFYING THEIR SERVICE DEPARTMENT**

As Oilheat dealers find it more difficult to remain viable as fuel-only firms, they are increasingly diversifying their core business with the service manager taking a role in this trend.

**Fantacone:** "We have been diversified for some time now. We even fabricate all ductwork in our own sheet metal shop."

**Gentile:** "We diversified into propane about three years ago. Now it is a big part of our business, about a quarter of what we do. Another trend is supplemental and spot heating so customers don't have to heat an entire area of a house which is a great use of propane heat."

**QUALITIES YOU LOOK FOR IN NEW TECHS**

Not only are service managers seeking young men and women who can use tools but who can represent their business as the firm's face.

**Fantacone:** "They must have common sense, must be willing to learn, have good people skills and a clean appearance. We prefer to hire people who have been in other trades and teach them our way, instead of

un-teaching them the wrong way."

**Gentile:** "I want someone who is mechanically inclined who can multi-task. They also have to be organized and be a good listener. They're on the front line and talk to our customers each day. I take a lot of referrals from tech schools, so we really don't advertise for positions. We don't have a big turnover, but we still have some oil drivers who want to train to become techs just as I did."

**ASSISTING SALES**

Service managers are increasingly required to be an integral part of the sales operations at their firm.

**Fantacone:** "I do all equipment and service sales in our company, as a technician first. I can explain the available systems from a technical standpoint, and because I have installed hundreds of systems myself, I know exactly what will be needed for each job, in time and material."

**Gentile:** "I assist our three sales people by going out to price jobs as a backup."

**BRINGING BIOFUEL TO CUSTOMERS**

For these service managers, the promise of biofuel has not been a welcome one.

**Fantacone:** "We don't service or sell biofuel and we won't until it is properly approved. There's too much liability involved."

**Gentile:** "We have nothing to do with biofuels. Right now there is B5 but we see only problems. There are issues with Bioheat® (B5) gelling and how that is going to affect the components. It also has a lot of federal funding, so what happens when the funding ends? The price will only increase. It's going to be a challenge for technicians."

**DOING THEIR JOBS IN THE NEXT FIVE YEARS**

Service managers see a future where all members of their staff will need to be tech savvy to reap the benefits of advances in technology.

**Fantacone:** "The skills needed to be a good service manager in the next five years really won't change although equipment is getting more complicated. I think education will become more important than ever. I also think service department budgets will become much tighter, requiring creative thinking to keep us profitable."

**Gentile:** "There will be a need to know about information systems. We have home grown systems and we do have laptops to do more work. We do training all the time but then the younger ones pick it up easily." ☐



**"I would bring a couple to see the boiler and it was just like opening the hood of a new Mercedes-Benz"**

**—David Wluka, Realtor for Walnut Hill Estates**

One of the newly built houses in the Walnut Hill Estates located in Massachusetts. The heating system runs on Oilheat.

## **In Down Housing Market, Oilheat A Selling Point In New Homes Developer, Realtor Find Oil, Propane Are Accepted By Potential Buyers**

**WHAT THE PEOPLE WHO ARE DEVELOPING AND** selling new homes in the current housing market don't need is any more obstacles.

With new home sales off by nearly a third and prices being slashed as the glut of new construction continues to sit unsold on the market, anything seen as a detriment to the salability of a home will hang around the necks of the Realtor and developer like a dead albatross.

So as the homes at the Walnut Hill Estates in southeastern Massachusetts began entering the market last year, they came with a feature that conventional wisdom might deem as surprising for new construction: Oilheat.

"I think some people see Oilheat as dirty and not efficient," said Joseph Bartucca, the general manager of Walnut Hill Estates.

With the perception that new homes must be hooked up to natural gas for heating and cooking, it would appear at first glance that an oil-based heating system would be a potential roadblock for buyers seeking the best features in new construction.

But for development partners Rosewall Partners LP and Kirade Corp., and the initial Realtor and original landowner, David Wluka, the addition of oil-burning boilers and the option to obtain propane for gas cooking was a selling point.

"I find [Oilheat and propane] convenient and I like the equipment," said Bartucca.

The most recently built structures, costing anywhere from \$550,000 to \$660,000, are heated by oil-burning boilers manufactured by the German-firm Buderus. In fact, there were times that the state-of-the-art equipment provided a "wow" moment for potential buyers.

"I would bring a couple to see the boiler and it was just like opening the hood of a new Mercedes-Benz," said Wluka, who sold the land to the development team and was the first exclusive broker for the land.

"The Buderus system is so sleek, so modern that buyers have been taken aback," he said. "It's a great feeling."

Not that the development team or the onsite foreman, Joseph Rarruda, had many options when the 118.5 acres was being planned into the 81-lot single family residential cluster located south of High Street in Plainville, Mass. A bit off the beaten-path near Cape Cod, the development was deemed too far from the closest gas connection.

But going with oil was never an issue for the development team as it had a long history constructing oil-based systems. Bartucca said the developers had recently built a development in North Quincy, Mass., and did not meet any resistance from buyers.

The homes—ranging in size from 2,500 to 3,300 square feet—have wide-open spaces with a critical need for well-run heating systems, said Wluka, who was the President

of the Massachusetts Association of Realtors in 2007. And the two zone hydro air heating system with two zones of central heat in addition to hydronic baseboard heating in the master bedroom has been easy to run and maintain.

The Buderus Lonano G215 is a cast iron boiler made for large residential homes from 134,000 to 294,000 Btu/hr output. With a deluxe, heavy gauge blue enameled jacket for a clean finished appearance, it has a hinged burner door for easy access to the boiler.

"There was never a problem technically in placing the boilers in the homes," said builder Rarruda, noting that the entire heating system including tank and hot water storage are "neatly" located in one area of the basement.

In the 80 houses that have been sold in the subdivision, not a single potential buyer pointed to the heating system as a stumbling block for a sale. "Most buyers have experience with oil being from this region," said Bartucca, who, for the past 24 years, has been placing mostly oil heating systems in the new construction he's been overseeing.

And while the Buderus system has increased the cost of the projects, most buyers understood that they would be able to recoup their initial investment over time due to the lower cost of heating, said Bartucca.

The utility connections can be built for electric appliances or to bring in propane for a gas range.

"We knew that we would need to give them an option," said Bartucca, adding that two in ten buyers ask for propane.

After building the first handful of homes just as the economic downturn became a deluge, the developer and builder made the strategic decision to help spur sales by building the houses to meet the stringent Energy Star requirements that call for the house to consume at least 15 percent less energy than a similar house built to current energy codes.

Developed by the Department of Energy and the U.S. Environmental Protection Agency, Energy Star is a voluntary labeling program designed to

identify and promote energy-efficient products to reduce greenhouse gas emissions. Households can save 30 percent on the average energy bill, or about \$600 per year, without sacrificing comfort.

While the boilers are not Energy Star rated, Rarruda said it isn't magic to prepare a new home to meet Energy Star requirements. It requires a builder to see the "house as a system" in order to meet high performance levels.

"You have to have the proper insulation,

But the trend towards meeting the stringent Energy Star requirements is partially due to external forces.

"The buyers are requiring it," said Rarruda. And in the current new home environment, the buyer's demands must be met.



Above, Dave Wluka, Realtor. Right, the Buderus Logano G215 boiler used in most of the homes at Walnut Hill Estates.

Industry analysts said the result of the current economic recession, the disappearance of credit and the fall in home sales, the average time on market for new homes is now pushing six months, compared to 110 days for existing homes.

While more than half of the homes in the Plainville subdivision are sold, several lots that the team expected to be under contract are still sitting as empty lots.

But none of the roadblocks to selling the remaining units

certain ways of framing, really tightening a house as much as possible," said Rarruda, noting that those houses have to be inspected twice to win an Energy Star rating. So far, six of the homes have met the challenge.

will be due to the inclusion of Oilheat. "I've seen it only as a plus," said Wluka. ☐

**ATTORNEY'S FACTS LAID STRAIGHT BY OILHEAT WATCH GROUP**

**WHEN AN ONLINE LEGAL NEWSLETTER FEATURED A QUESTION-AND-answer** with an environmental law attorney, it probably didn't believe the article would be facing its own hard questions.

But rather than allow the attorney to claim questionable facts on Oilheat and the causes of climate change in a newsletter read by 35,000 corporate attorneys throughout the United States, the newly-formed Northeast Petroleum Association (NEPA), which handles public relations and communications for 11 Oilheat associations, took action.

In a letter to the editor of *The Metropolitan Corporate Counsel*, Frank Gallagher of the public relations firm of Woodbury & Morse in Portland, Maine, said that lumping Oilheat with some of the worst producers of greenhouse gases was simply wrong.

The April issue of the Mountainside, N.J.-based newsletter interviewed Peter J. Fontaine, co-chairman of the climate change practice area at the law practice Cozen O'Connor, on the legal ramifications of climate change. An environmental lawyer since 1990, Fontaine has worked on a variety of environmental law matters, most recently on climate change and addressing the risks and opportunities facing companies.

When the newsletter's editor, Martha Driver, asked Fontaine what are the biggest legal risks facing companies due to climate change, he said there was "an emergence of legal action brought by parties that have been injured by the rapidly changing climate."

"I think we are going to see litigation against specific companies that

fail to account for the risks posed by the changing climate," he noted.

Fontaine said that certain business sectors contribute to greenhouse gas emissions, with a third of that total coming from agriculture and industry, including "the ways in which people use heating oil and gas to heat their homes."

In his letter to Driver dated in early April, Gallagher said information Fontaine supplied did not match the latest government data.

"The fact is," wrote Gallagher, "home heating oil is not a significant source of greenhouse gas emissions, and the evidence documenting this fact is easily available."

Gallagher said that recent data from both the Department of Energy and the U.S. Environmental Protection Agency demonstrated that emissions from residential oil burners "accounts for only a tiny fraction of the total emissions from all combustion sources each year."

Gallagher added that emissions data clearly demonstrate that residential oil burners are not a significant source of air pollution in the United States, "nor are they, as Mr. Fontaine asserted, a significant source of greenhouse gas emissions."

"For Mr. Fontaine to assert this is one thing; after all, everybody makes mistakes. For you to continue to publish this demonstrably false statement—even after it has been brought to your attention—is something else altogether."

"As a result, I ask that you correct this factual error, which is clearly damaging to the home heating oil industry, as soon as possible," said Gallagher. ☐

...Continued from page 16

But the boiler was only the start of the House's troubles. Gonzalez noticed the boiler was never registered with the city's Department of Buildings and an inspection of the basement found a treasure trove of violations due to improper installation and years of neglect.

"It was going to require far more work than I anticipated," said Gonzalez.

But Garber thought Emmaus House was just the type of case that Oil Heat Cares was created to take on. She gave an initial go ahead to proceed with the work.

Gonzalez began making calls that day and nearly from the start, an extraordinary number people and companies were willing to help. One of his first calls was to the local H.B. Smith representative with the idea of finding parts to make repairs.

But according to Wendy Par of Applied Technologies, H.B. Smith's factory representative in New York, the idea of simply repairing the boiler wasn't a practical option. Instead, Frank Morgino, who heads Applied Technologies, quickly decided to donate a complete boiler package to Emmaus, said Par.

Once Angel explained the situation and who the end user was, my boss was more than happy to tell him to pick up a free boiler," said Par.

With the boiler in hand, Gonzalez soon received help from David Wagner, a licensed oil burner installer, who pulled the required permits and met with inspectors while Roberto Perotto surveyed the project and completed the city's permit application.

A team made up of employees from Atlas Fuel Oil, Consumer Energy Group and Combind came to supply the manpower to complete the installation.

The team then repaired and upgraded the ventilation that was disconnected, replaced all the flue pipes for the new boiler and the existing gas fueled hot water heater, replaced the copper fuel oil supply and installed a new condensate return line.

After 11 days in the cold, heat returned to Emmaus House.

"And when we finished, [Emmaus] had a professionally installed heating system guaranteed to provide years of trouble free and efficient service," Gonzalez told Garber.

"This project was so fitting, one good cause helping another," Gonzales added.

But most of the praise for this small turn of fortune for Emmaus is being handed to Gonzalez.

"Kudos to Angel. He really put himself out there and got this done," said Allied Technologies' Par.

"I now really believe in God's good work," said Centeno. "Angel did this for me." ☺

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**JUDY GARBER SAID THAT SOME PEOPLE IN THE OILHEAT INDUSTRY MIGHT THINK THAT HER** responsibilities at the National Association of Oil Heating Service Managers (NAOHSM) begin in March when she starts planning for the annual convention and trade show and end once the show is over.

“After nine years, I can tell you no, no, no,” said Garber, who has been NAOHSM’s executive administrator since 1999.



NAOHSM's Judy Garber

Garber manages all of the association’s business matters and creates NAOHSM’s promotional tools in addition to the marketing of the trade show (to be held this year from May 18-22 in Hartford, Conn.) public relations, the website, newsletters, as well as coordinating educational programs and meetings.

“In other words, you might say I do everything, including cleaning the bathroom,” she said. “I enjoy just about every aspect of the job, particularly visiting with tech schools and chapters.” Garber is also Chairperson of the Oil Heat Cares Foundation.

No stranger to Oilheat before coming to NAOHSM, Garber was a regional manager for a large heating equipment manufacturer and worked 10 years as the national sales and marketing manager for a small humidifier company prior to coming to the association.

“As a matter of fact, my favorite trade show was the one I now am responsible for,” she said.

Garber and her husband, Larry, live on their farm in Lancaster County, Penn., where she enjoys gardening, reading and spending time with her family that includes two grown children and four grandchildren.

combustion. There are techniques, organization skills and style of delivery that can be learned to make a very knowledgeable person a more effective trainer or teacher.

We’ve encouraged people that are independent trainers, those that are responsible for training at their company and those that wish to become trainers to attend this class. And with that calling, we have a very good group of individuals attending both of these classes. Actually we’ve had such a good response we will probably add a third class later this summer.

As they say, timing is everything. NAOHSM (National Association of Oil Heating Service Managers) started the PROSMA (Professional Service Managers Academy) about four years ago. We work with Penn State University to deliver classes each year. One of the electives for this class is the Train-the-Trainer class. But with this particular class, we’ve got a dual objective. The new NORA Technician’s manual will be used by the class. Each team will take a chapter from the book, create a lesson plan and then make an oral presentation.

This will give industry trainers opportunity to be the first to work with the new book and get a good idea of how they might enhance their program to make it more interesting for them and their students.

**Are there any other new training initiatives in the works?**

With us there are always initiatives in the works. For instance, at our convention we focus on education. Both Tuesday and Wednesday morning, we’ll have many classes from which attendees can choose and almost all of them can earn upwards of four NORA CEUs.

With the idea of consistent training, we’re working with the major burner manufacturers to design and deliver a Basic Burner 101 class. The audience for this class will be plumbers, students, new technicians and any other trade that touches a burner just once in awhile.

**Continued on page 28...**

**What is the scope of NAOHSM? How many chapters are there? How many members? How does this compare to 10 years ago?**

We have 30 chapters and about 1,500 members. Believe it or not, our numbers really haven’t changed much in the past 10 years. The thing that I do see is the fact that it’s the make-up of the membership. Excellent service managers have moved on to become service techs for manufacturers or work for wholesalers. They still belong but are now in a different membership class: associate.

One thing for sure, the Oilheating industry will have many challenges ahead and communicating honestly to customers and employees is critical. As an industry it is more important than ever to work together.

**NAOHSM and NORA are launching a new “Train the Trainer” program this year. Please tell us about that. Who is going, and what are they learning?**

NAOHSM’s mission is education and naturally almost anything that we do relates to education. We might add an element of fun to our events, but we never lose sight of our mission. For years, we’ve tried to encourage the industry to put together a true Train the Trainer Program. You might ask, what is a “true” Train the Trainer Program? I try to describe it as like trying to teach people about organic foods, puppy training or the theory behind

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...Continued from page 26

We'll launch this at our convention on Wednesday, May 21 in Hartford.

Last year we worked with several of the states to co-sponsor the NORA Tank Certification program. We'd like to do the same thing with the underground static tank testing program. That schedule will be coming out soon.

**There is a lot of interest these days on diversification of products and services, i.e. Oilheat companies offering propane, solar, wood, etc. Is NAOHSM expanding its support services to cover other fuels?**

I think the operative word here is energy. Change is coming in many ways and consumers will be looking for their provider to have knowledgeable people to serve their energy needs. Last year, when NORA sponsored a conference in Washington, the one thing that continues to haunt me is a statement made by our dinner guest speaker, James Woolsey, former head of the CIA. When asked about the future of energy, he responded by saying, "it won't be a single source; it will be a menu driven choice of several options." That means propane, solar, wood and most important energy-efficient, oil-fired equipment.

NAOHSM offers our chapters an education subsidy program. We highly encourage education at the local level. As we all know, the temperatures in Maine are far different than in Washington D.C. and code issues are different in just about all states, so we encourage chapters to do education locally to meet the interests of their own membership. I've noticed that chapters do all types of training from gas to air conditioning.

As far as National looking at alternative education, take a look at our 2008 convention education schedule. We've got exciting classes on solar and other fuels.

**What is NAOHSM doing to support the recruitment of new talent into the Oilheat industry?**

Many of our chapters have adopted tech schools in their respective trading areas. They help both the instructors and students by getting them the equipment they need and help them with speakers. Some of them are quite proactive with the schools. One such chapter is the New York City chapter. They host an annual competition between two schools and this year they have added a third school to the competition. Many chapters also participate in career days.

We also plan to launch a textbook that is geared just for students. Our work is done; we are waiting for the completion of the new Technicians Manual so that the photography and drawings can be shared.

We also invite schools to our convention and we host competitions geared just for students at this annual event. This year we plan to host a new event. And of course, we have a scholarship program. This year we'll be giving away nine \$2,000 awards. NAOHSM supports six and we've got the support of three manufacturers; Delavan, Taco-supported Jack Sullivan Award and Honeywell, which is new this year.

**How would you improve vocational training in secondary school these days?**

This too is a hot button with me. If I could just get a chance to introduce parents to the overall HVAC industry, I would encourage them to view the trades as a field of study for their children. The future will be very exciting for young people. The sophisticated controls that will manage heating and cooling needs in homes and commercial buildings, radiant heating, solar to heat water and space—can it get any more exciting than this? Where else can you continue learning and making more money?

**NORA is looking to provide greater support for technicians in non-core markets who have limited exposure to Oilheat. Is NAOHSM involved with this as well? Has the lofty price of heating oil affected this effort?**

We haven't gotten involved in this area as yet. We don't have chapters in these markets and it makes it more difficult to reach out. We do though have a National Direct Membership that would help any technician or small owner in one of these non-traditional markets.

As an industry we can support these non-core markets through online training. I don't see this type of education as a replacement for classroom or lab style training, but it sure can provide them with a brief refresher and also give them a consistent message about Oilheat.

**Energy conservation is a crucial consideration for customers. Does NAOHSM have initiatives to help marketers and technicians support customer demand for fuel savings?**

At the present time, we do not have any initiatives in place for this purpose. However, with the launching of the new NORA Fuel Savings Analysis Calculator we've asked Bob Hedden to teach our folks more about this at our annual convention and we've also got a representative from AFC First as a tie-in for the necessary sales component. We need to be proactive when it comes to selling new equipment. There are some very efficient products on the market today and consumers are looking to us to help them understand

how they can conserve fuel. We can no longer bury our head in the sand and hope that things get better.

**How is Oil Heat Cares faring this year? What has the program accomplished since it began?**

This is probably one of my personal favorite things to talk about. This program evolved on a trip that Dan Holohan and I made by train to a NEFI convention four years ago. It started as an idea and grew and grew. At first we held seminars to raise money and people just sent us checks. I recall one time at an OHC Board meeting when we were discussing the need for a budget—how much should we spend annually? Dan basically said, "Don't worry about it. The money will come in when you need it." Well it does. And thanks to the Care to Ride event, the brainchild of Don Farrell, we've been quite fortunate. Last year we raised \$75,000 and who knows how much we'll raise this year? We also supplement that income with at least one or two other seminars a year. Last April Taco sponsored a major event at Gillette Stadium and this past October, Crown Boilers sponsored a seminar in Philadelphia at the Eastern State Penitentiary. These seminars will typically result in anywhere from \$6,000 to \$10,000 added to the treasury.

We've found that some of the members are helping customers through OHC. They are getting old equipment out and replacing it with new equipment. Some of the nicest projects are those that serve many people. One such example is a food bank in New Jersey. I got a call from the co-ordinator of the project who shared with me that because of our faith in their dream, other companies have stepped up to the plate and this past year the food bank gave out 40 tons of food. Our members have helped a couple of women's shelters, they've helped young families, the elderly, veterans and families with multiple illnesses. To read more about the many projects go to [www.oilheatcares.com](http://www.oilheatcares.com).

From my vantage point, I see our members doing wonderful projects for people and I sometimes wonder who gains the most—our chapters or the recipients of the projects?

**Do you have any interesting fund-raising events on tap for Oil Heat Cares?**

After our next Care to Ride event which will be held May 19—you can walk, ride a bicycle or motorcycle or run—to help raise money and awareness, we're planning a seminar for Thursday, Sept. 11, in Gettysburg, Penn. We are timing it with our Third Annual Oil Heat Retreat. Dan Holohan will do the seminar and we'll again get a sponsor to pay the bills and all proceeds will go to OHC. ☑

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The screenshot shows the NEFI website in a Netscape browser window. The address bar displays 'http://www.nefi.com/'. The page features a navigation bar with 'HOME', 'JOIN NEFI', and 'CONTACT' links. A sidebar on the left lists various services and news items. The main content area includes a 'SEPTMBER 2007 CORPORATE SPONSOR' section, RSS feeds for NEFI and Reuters, and a search function. At the bottom, there is a weather widget for Watertown, MA, showing a current temperature of 89°F and a 10-day forecast.

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## TACO SPONSORS PGA GOLFER FROM RI

Taco, Inc. has signed an endorsement agreement with Rhode Island native and aspiring PGA golf professional Brad Adamonis. The agreement provides financial support from Taco for Adamonis as he pursues his career in the PGA. Adamonis, from Cumberland, R.I., earned his PGA Tour card this year and has made six cuts in his first eight PGA tournaments. He will wear the Taco logo on his visor throughout the 2008 PGA Tour season.



Taco's president and CEO, John Hazen White, Jr., praised Adamonis "as a local kid who's worked really hard to earn the privilege to play on the PGA Tour. Now that he's earned his place, we want to help him further his career. Taco supports and applauds people who work hard, and we're honored to be associated with Brad. We wish him great success."

Taco, Inc., headquartered in Cranston, R.I., is a leading manufacturer of heating and cooling equipment for use in hydronic-based systems worldwide.

## PROPOSALS ON CDL LICENSING, LEARNER'S PERMIT STANDARDS

The Federal Motor Carrier Safety Administration published a proposal to revise the commercial driver's license (CDL) knowledge and skills testing standards and would require new Federal minimum standards for states to issue commercial learner's permits (CLPs). The proposal also seeks to establish measures to prevent fraudulent testing and licensing activity in the CDL program. FMCSA is proposing these changes in response to several statutory mandates imposed upon them over the last several years. If the impact of these numerous changes rivals the impact of FMCSA's current entry-level driver training proposal, the comment deadline may have to be extended to allow more substantive input.

## LARGE BIODIESEL FIRM SIGNS RECYCLING AGREEMENT

Tellurian Biodiesel, a leading independent distributor and marketer of sustainable high-quality biodiesel, has entered into a joint venture with Golden State Foods (GSF), one of the largest diversified suppliers to the quick-service restaurant industry, to recycle used cooking oil into biodiesel that exceeds industry specifications.

The new venture, Encore BioRenewables, plans to launch its first biodiesel production facility in Southern California in early 2009. The company plans to open additional processing plants throughout the U.S. as the market develops for their product. These plants will be sited near locations which aggregate used cooking oil from restaurants. Encore will recycle this material in the production of a more sustainable biodiesel fuel.

The high-quality biodiesel produced by this closed-loop solution will be sold to trucking companies, municipal fleets and to GSF to fuel its distribution fleet, which services its customers in the quick-service restaurant industry.

In addition to used cooking oil, Encore BioRenewables will convert other recyclable domestic fats and oils into high-quality biodiesel. The company projects production of at least 100 million gallons annually, once its national network is fully operational.

## BIOFUEL BOARD APPOINTS GREEN EARTH EXEC TO TASK FORCE

The National Biodiesel Board (NBB) has appointed Jeff Trucksess, co-founder of Green Earth Fuels, a global leader providing renewable, environmentally clean, high-value products to customers, to the NBB's inaugural Sustainability Task Force. Trucksess has 15 years of experience in government relations, business development, and advocacy, with a successful history working with federal bodies such as the Environmental Protection

Agency and the Internal Revenue Service, as well as with regional organizations such as the Texas Commission on Environmental Quality (TCEQ).

Trucksess will join eight other members

with diverse interests in the industry to ensure that the U.S. biodiesel industry continues to protect the environment, while producing jobs and reducing dependence on foreign oil.

According to the National Biodiesel Board (NBB), the Task Force will oversee the development and implementation of a comprehensive sustainability roadmap for the U.S. biodiesel industry that will quantify and maximize the environmental and social benefits of biodiesel and ensure that biodiesel produced and sold in the U.S. comes from sustainable resources.

## INNOVATION FUELS AWARDED FOR OPERATIONAL EXCELLENCE

Tom Grossberger, Innovation Fuels' technical director, was awarded the Operational Excellence award by the Passaic Valley Sewerage Commissioners (PVSC), operators of one of the largest treatment plants for the wastewaters of northern New Jersey, at its 13th annual Awards Breakfast held in April. The



ceremony featured keynote speaker, Mr. Alan J. Steinberg, Regional Administrator for the USEPA Region 2.

Innovation Fuels is a rapidly emerging renewable fuel company that manufactures, markets, and distributes biodiesel fuel to customers around the world. The company is a vertically integrated, dominant producer of renewable, environmentally-friendly fuels with a verified 950,000 barrel or 130,000 metric ton-per-year refinery located in New York Harbor with a regional imprint on the East Coast market, as well as a global reach.

## RENEWABLE FUEL TAX CREDIT EXTENSION

U.S. Sens. Maria Cantwell (D-Wash.) and John Ensign (R-Nev.) are working on an alternative energy tax bill that would propose a one-year extension of the renewable energy tax credits for ethanol and biodiesel. Under current federal law, renewable fuel blenders receive a 51-cents per gallon tax credit for each gallon of ethanol blended into gasoline and a one dollar per gallon credit for each gallon of B-100 blended into diesel fuel. The federal credits are set to expire on Dec. 31. Senate Majority Leader Harry Reid (D-Nev.) was

expected to bring up a revised energy tax bill as *Oil&Energy* went to press.

**BIOFUELS ROUNDTABLE FOCUSES ON US-INDIA ENERGY CONCERNS**

The U.S.-India Business Alliance (USIBA) and The Energy Research Institute (TERI) recently co-hosted a bio-fuels roundtable at the Habitat Center in New Delhi, India. Participants included academicians, elected officials, government representatives, journalists, policy experts, senior corporate executives, and scientists. Key topics explored during this dynamic forum included the food versus energy security debate, a review of current bio-fuel policies and projects in the U.S. and India, bio-fuels as a critically important component to shake off dependence on foreign oil, and the perceptually skewed attention given nuclear energy.



“The roundtable advanced the discussion very well on overall opportunities between the U.S. and India in the area of bio-fuels, and specifically shed light on the potential of bio-fuels generated from waste sources which do not affect issues of food and water security,” says Robinder Sachdev, director of media and communications for USIBA India.

**BIODIESEL BEYOND ASTM: REG® WITH ADVANCED QUALITY SPECS**

Renewable Energy Group® has announced a first-of-its-kind quality specification in three new REG-9000™ biodiesel products that exceed ASTM limits.

Renewable Energy Group®, Inc., a leading biodiesel marketer and producer, today became the first biodiesel producer and marketer in the United States to announce product specifications for B100 that exceed ASTM D 6751 biodiesel specifications, regardless of feedstock.

The company’s biodiesel specifications which exceed ASTM specifications include: 1) reduced free and total glycerin levels; 2) a reduced acid number; and 3) reduced free water and sediment.

**TRUCK FIRM SET TO GO WITH PROPANE**

The Roush Performance Co. has recently begun taking orders for its fleet oriented, propane-powered Ford F-150 trucks that are said to not only match power levels of gasoline models, but will also allow owners to receive government tax breaks.



First introduced in April 2007, Roush’s truck is designed to run solely on natural propane gas. Using an updated Roush Liquid Propane Injection system, the 2008 F-150 truck features a recalibrated ECU system that will properly control the dedicated propane fuel lines, fuel rails and fuel tank of the 5.4 liter V-8.

Roush claims that the propane truck will provide the same power, torque, and everyday drivability found on gasoline

powered Triton V-8 model trucks—although there was no indication of the truck’s exact fuel economy with propane power.

Buyers of Roush’s propane powered trucks will also be eligible to receive fuel discounts and other generous federal credits of up to \$2500 as a result of the 2005 Federal Energy Bill.

**DOT RAIL SAFETY PROPOSAL FOCUSES ON TOXICS**

The Pipeline and Hazardous Material Safety Administration, along with the Federal Railroad Administration, recently issued a proposed rule affecting the rail transportation of hazardous materials. In particular, DOT is seeking improved safety through enhanced tank car performance standards and operating limitations designed to minimize the loss of lading from tank cars.

The most significant point with regard to this proposal, however, is that it does not affect the propane industry in that it is strictly focused on the transportation of poisonous or toxic-by-inhalation materials. National Propane Gas Association has been following the DOT’s activities regarding rail transportation of hazardous materials due to the agency’s concern over accidents that have occurred in the last few years. ☒



James Devaney, president of James Devaney Fuel Company alongside Miriam May, Executive Director of Susan G. Komen for the Cure, Massachusetts Affiliate, located in Boston.

**GREATER BOSTON OIL DEALER GOES PINK FOR THE CURE**

Greater Boston has become another locale on the growing list of areas being served by pink oil trucks raising money to fight breast cancer. James Devaney Fuel Company, of Newton, Mass., has introduced a new truck to their fuel oil delivery fleet, this one a bright pink vehicle, contrasting with their traditional yellow and green trucks that serve Eastern Massachusetts.

Devaney has teamed up with the Massachusetts affiliate of “The Susan G. Komen for the Cure” foundation in the fight against breast cancer with a new program named “Fueling a Cure.” A portion of the proceeds from each gallon of fuel oil delivered by the new pink truck will be devoted exclusively to breast cancer research, education, screening and treatment.

“James Devaney Fuel Company is pleased to participate in the battle against breast cancer,” stated company president Jim Devaney. Consumers can be on the lookout for the Devaney pink delivery truck as it travels through neighborhoods of Greater Boston.



## Carlin's Sentinel Delivers Key Data to Dealer

**CARLIN COMBUSTION RECENTLY MADE A NEW** addition to its line of primary controls with the Sentinel. Carlin Vice-President Tom Tubman, answered a few questions about the new control during a recent interview with *Oil & Energy*.

"The Sentinel is a primary control on steroids. In addition to providing the normal functions of a primary control it uses ultra violet flame sensing technology that can sense changes in flame quality, has a stack temperature sensor, and connects to a phone line to output burner operating data to a database in the oil dealer's office," said Tubman.

Tubman said the control is designed to:

- Extend service intervals. By monitoring CO<sub>2</sub> and stack temperature the oil dealer will be able to schedule annual tune-ups only when required.
- Improve the efficiency of the dealers' degree-day system. By providing very accurate daily fuel consumption to the dealer's degree-day system, the control lets the dealer know exactly how much fuel is in each customer's tank in order to optimize the oil delivery schedule.
- Provide early warning of abnormal operating characteristics. For example, many primary controls today have a recycle feature to prevent nuisance lock-outs in the case of an unusual one-time event. But if the control is recycling multiple times a day, every day, there is probably a service issue that needs to be attended to, that in time will result in a service call. The Sentinel alerts the dealer to this type of abnormal operation, and allows him to schedule service at his convenience before a no-heat event occurs.

- Provide immediate annunciation of certain failures. A good example of such a failure is burner "lock-out." Should the control lock-out for any reason, the control immediately calls the dealer and notifies him of the event, meaning the dealer will know there is a problem with the equipment before the homeowner knows."

Tubman described the control's remote monitoring functionality as being very much like calculating the fuel mileage of your car.

"Each time there is an oil delivery, the dealer's back office system shares the fill data with the Sentinel database. The database then runs an algorithm that divides the gallons delivered by the number of seconds the solenoid valve was open since the last delivery," he said.

If the calculated firing rate changes by more than a user-definable predetermined percentage, Tubman said the system alerts the oil dealer to the change. The ultimate reason for the change in firing rate could be the result of a developing pump or nozzle problem, or it could be the first telltale signs of a tank or oil line leak.

"In addition to this feature that is built into the control now, we are working with a company that uses fill and dispenser data, over time, to determine within a high degree of statistical accuracy if gasoline storage tanks are leaking. We don't know yet if the data the Sentinel collects will fit this model; but moving forward we think this tank monitoring issue is going to be an important subject for oil dealers and their customers," Tubman said.


Tubman explained how a dealer could use

data from the Sentinel to optimize a delivery schedule.

"Degree day systems use a number of ways to try to estimate how much oil is left in the tank. Through the use of an algorithm that compares firing rate to the time the oil valve is open, the Sentinel control reports to the database actual fuel usage every day. The database in turn transmits this usage data, electronically, to the dealer's degree day system allowing the degree day system to use actual gallons consumed rather than an educated guess based upon weather and a profile of that customer's normal fuel usage. Knowing exactly how much oil is in the customer's tank allows the dealer to optimize his delivery schedule and maximize the number of gallons delivered without any concern of a run-out."

Tubman was finally asked what sort of functionality could be added to Carlin's controls in the years ahead.

"A lot of that information is proprietary, but I can tell you that we will be field-testing an upgrade to our flagship 60200 primary control this year. We are adding a number of features requested by our customers: a flame signal jack that precludes the need to remove the cad cell leads from the F terminals to check the flame signal; a purge feature to make it easier to prime pumps; a third LED light that gives the technician a visual indication that the control is seeing flame; a higher oil valve output rating for commercial burner applications; reduced line frequency sensitivity to allow for better performance on generator power and other minor enhancements."

For more on the Sentinel, visit Carlin's Web site: [www.carlincombustion.com](http://www.carlincombustion.com). 

## Obituary

### William Maney

#### WILLIAM MANEY, LONG TIME OWNER AND

operator of the Northboro Oil Company in Northborough, Mass. and former Massachusetts Oilheat Council (MOC) Chairman, passed away in late March.

Maney was 81.

Born on the Fourth of July and a D-Day veteran who attended the New England Fuel Institute (NEFI) after the war, Maney built Northboro Oil into a leading regional Oilheat business. In addition to being MOC chairman from 1978 to 1980, Maney served as Chairman of the New England Better Home Heat Council and was a director of the New England Fuel Institute.

Maney and his wife, Jane, donated the Minuteman statue that stands in front of the Northborough Town Hall, in honor of the men and women of the town who served their nation in war and peace.

Maney is survived by his wife of 57 years, Jane (Stark) Maney; three sons; W. John, Steven, and Paul S., a daughter, Sandra Farrell, who is MOC's current chairwoman; seven grandchildren, and James Bigelow, a friend, and co-worker, with whom Maney worked almost daily for 31 years. ☞

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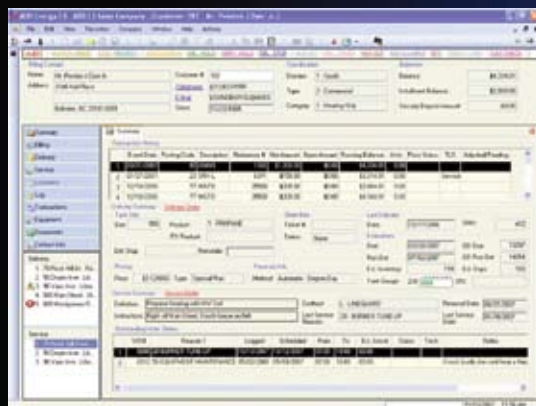


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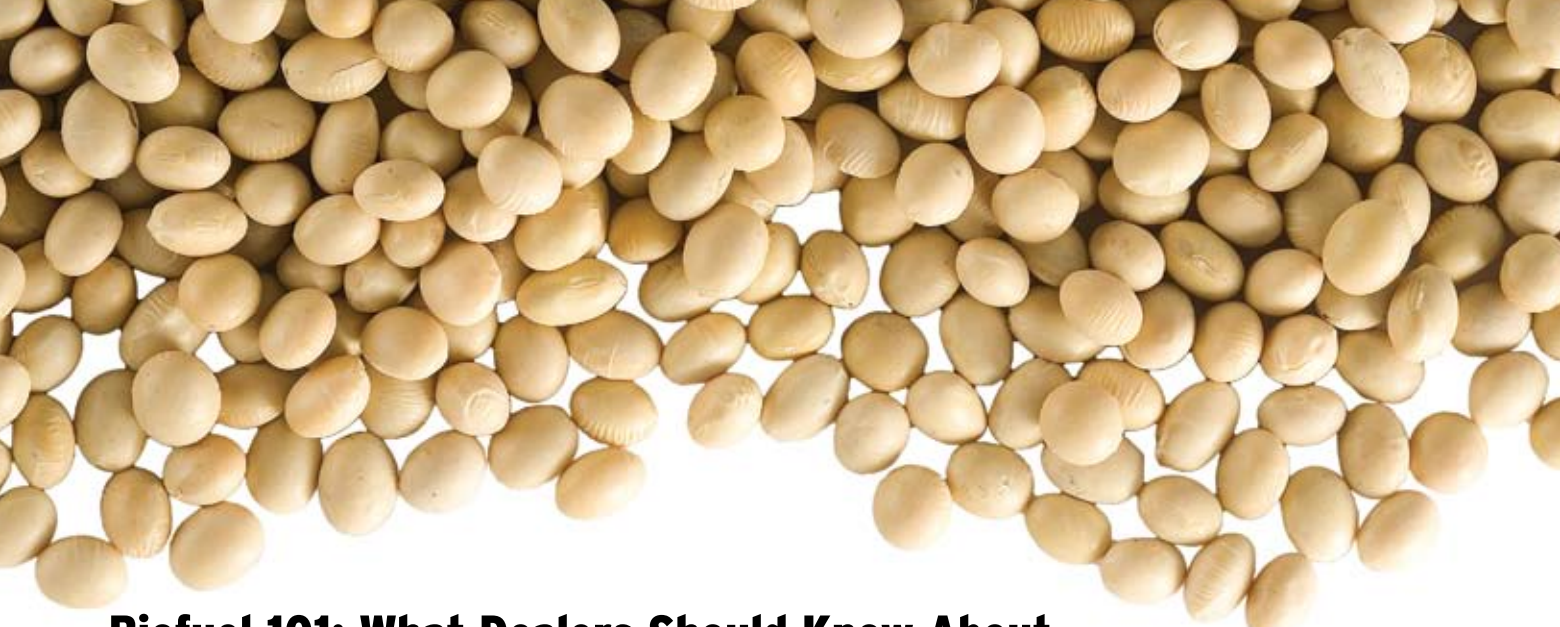
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## Biofuel 101: What Dealers Should Know About The First New Advancement In Oilheat In Years

### PAUL NAZZARO DIDN'T MINCE ANY WORDS.

"What our customers think of oil ..." announced Nazzaro, the National Biodiesel Board's petroleum advisor, during a seminar by the national organization in March conducted on the Internet.



Paul Nazzaro

Up on the screens of those participating came a litany of answers: it's dirty, smelly and sooty, it costs more than natural gas, fuel spills, and it's environmentally unfriendly, just to name a few.

So, Nazzaro retorted, how would you like to see the public's perception of Oilheat change completely, to where the fuel being supplied by dealers is seen as clean, versatile and cost competitive with anything on the market?

That's just what is happening today with the rapid introduction of biofuel—the blending of home heating oil and Biodiesel—into the marketplace, noted Nazzaro.

"And biodiesel is available now," said Nazzaro, who is president of Advanced Fuel Solutions in North Reading, Mass., with a potential—if marketed correctly and understood by dealers—to increase the market share for all consumers.

And it's a fuel that's already ready to be delivered to your customers," Nazzaro told participants from across the country.

There really isn't a more opportune time for Bioheat®—the industry-accepted term for a minimum of two percent blend of pure biodiesel blended with conventional high or low sulfur home heating oil—to be introduced into the Oilheat market.

With increasing oil demand both at home and abroad, shrinking refining capacity, environmental mandates, the pressure from natural gas suppliers and the wildly fluctuating

market with heating fuel reaching \$4 a gallon, the addition of a clean, domestically produced fuel is a welcomed sight, said Nazzaro.

But while biodiesel is being touted as the product that can help the industry on several fronts, many distributors and dealers still have only a glancing idea of what the fuel is all about.

Chemically, biodiesel is a blend stock for petroleum distillates. Currently, dealers can find B-5: 95 percent heating oil and 5 percent biodiesel. At the opposite end of the spectrum is B100, also known as "neat" which is 100 percent pure biodiesel.

While he acknowledges that the two percent blend is "a drop in the bucket" compared to B5 or B20, Nazzaro said the industry must learn "to walk before we can run" in terms of working over time with Bioheat®.

One reason for a slow and steady approach to introducing the consumer with this new product is their financial tolerance to purchasing biofuels. A B5 blended fuel is currently two cents more per gallon compared to standard home heating oil. "So there's even an increase in price with ultra low blends," said Nazzaro.

Nazzaro advises dealers to start talking to their customers with a series of introductory postcards providing a new, fresh perspective of Oilheat with the new blended biodiesel.

"It's time to tell them that this is the first new advancement in Oilheat in years, that it is environmentally sensitive and will provide great benefits including reliability," said Nazzaro.

The forces driving the growing biodiesel market are consumer demand for clean energy and federal policy such as the renewable fuel standards that call for the addition of biofuels, a federal \$1 per gallon mixture credit and also individual states such as Massachusetts,

New York, Pennsylvania and Connecticut that encourage biodiesel production and refining.

Governments love biofuel as it radically reduces pollutants. Compared to heating oil, there is a two percent reduction in unburned hydrocarbons with B2 and jumping to 20 percent with B20 while carbon dioxide emissions fall 12 percent with B20 and 48 percent using B100.

With government assistance and greater public demand, the creation and availability of biofuels is rapidly increasing. Currently there are 171 plants with a production capacity of 2.25 billion gallons with another 60 plants under construction or being planned.

The leading refiners of biofuels in the New England and Mid-Atlantic states are New Jersey that produces 100 million gallons and Pennsylvania with 75 million gallons.

Biodiesel Emissions Profile			
Emission Type	B100	B20	B2
Total Unburned Hydrocarbons	-67%	-20%	-2.2%
Carbon Monoxide	-48%	-12%	-1.3%
Particulate Matter	-47%	-12%	-1.3%
Oxides of Nitrogen (NO <sub>x</sub> )	+10%	+2%	+2%

And biofuel usage is increasing. New York currently consumes 123 million gallons of 5 percent B100. Pennsylvania (64 million), Massachusetts (58 million), Connecticut (42 million) and Maine (31 million) are showing growing demand for these blended fuels.

Biodiesel is now available through direct shipment from nearly 2,000 petroleum distributors nationwide. And there is a movement towards biodiesel at more than 158 terminals nationwide.

While the fuel reduces pollutants and is

a superior lubricant—only one percent is enough to benefit an Oilheat system—dealers must remember to be aware of the compatibility of components in the heating process. They include:

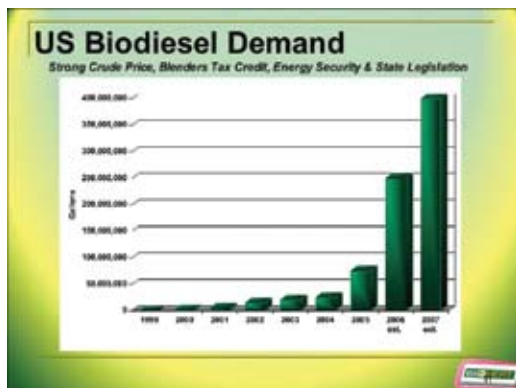
- B100 may adversely impact elastomers manufactured from natural or nitrile rubbers causing leaks.
- Teflon, fluorinated plastics, and nylon are compatible with B100.
- Biodiesel and biodiesel blends will form high sediment levels when in contact with “yellow metals” such as brass, bronze, copper, lead, tin and zinc.
- Biodiesel is compatible with stainless steel, aluminum, fluorinated polypropylene and most fiberglass.

Growing in popularity is the acceptance of BQ9000 producers and marketers, a voluntary accreditation program for biodiesel fuel sponsored by the National Biodiesel Accreditation Program. The program helps companies improve their fuel testing and greatly reduce any chance of producing or distributing inadequate fuel. To receive accreditation, companies must pass a review

and inspection of their quality control processes by an independent auditor.

Currently there are 20 accredited producers and 10 certified marketers in the U.S.

While the process is time consuming and involves a great deal of work, the benefits to



meeting the standards are because “you want to get a second look at this new product,” said Nazzaro.

Nazzaro said it is up to dealers to assure they are receiving top-quality fuel. They must review a fuel analysis report to ensure incoming fuel meets specifications, both for

the biodiesel and generic distillate. If either one fails, the dealer must notify their fuel supplier immediately. With each pickup of biofuel, there should also be a quick check in the field for detecting traces of catalyst, soaps, acids and oxidized fuel.

It could be a wise decision for dealers to align with an independent testing laboratory that understands both distillate and biodiesel fuel management principles, he said.

“If you fail to do the job beforehand,” said Nazzaro, “dealers will be finding themselves servicing injector problems.”

But simply receiving such a fuel from a quality refiner does not allow a dealer to take his eyes off the product. The fuel is susceptible to contamination from several sources.

Air from vent pipes can increase the oxidation, free water accelerates corrosion and stored fuel—especially for longer than six months—can degrade which in turn will lead to plugged filters and faulty combustion.

“Poor quality will lead to poor profit margins in the end,” said Nazzaro. ☐



## Conservation and Oilheat: A Sustainable Match? Some Suggest, Why Not?

By Franklin B. Tucker

**LARRY HARMON LIKES OILHEAT BUT ESPECIALLY** the people who deal in and service it.

“Man, who else do you know that will show up at two in the morning or do the work to keep the heat going when they know the customer doesn’t have the money? They are really great guys who go the extra mile to help you,” said Harmon of CanAm Building Envelope Specialists Inc.



Larry Harmon

Not that Harmon’s feelings for the Oilheat industry would appear to be automatically reciprocated.

That’s because Harmon crisscrosses the country bringing his evangelistic-like message of energy conservation to homeowners, commercial property managers and local governments. And not just a slap-more-window-striping-on approach to energy savings. His is more like



Peter Talmage

a cut-your-fuel-bill-in-half plan; creating a structure so energy efficient that owners can ignore their heating suppliers for longer and longer periods of time.

Yet in a discussion with *Oil & Energy* after the second of two heavily attended seminars held at a regional conference highlighting renewable energy and green building

practices, Harmon said Oilheat companies need to move now to incorporate conservation methods into their business.

“I don’t see why there should be a conflict between what I’m doing and what an oil dealer is doing,” Harmon told *Oil & Energy*.

“We’re both helping our customers use energy the best they can,” said Harmon.

Harmon knows something about the subject. Before an overflow room of participants at the annual Northeast Sustainable Energy Association conference and trade show, Harmon and seminar partner, Peter Talmage, whose consulting business, Energy and Design, focuses on high efficiency house retrofits, presented a workshop on transforming a residential home into a real fuel-miser.

“But what we talk about isn’t giving up your oil fuel, but using it more wisely which your customers are asking all of us to do,” Harmon told *Oil & Energy* after the presentation.

In fact, Harmon, who was an independent contractor in New York before joining the Crown Point, NY-based CanAm, is in love with the oil burner he installed several years ago in his Adirondacks home where there are 225 days when the heat is on sometime during the day or night.

Yet his burner is “really super efficient” and he has air sealed and insulated his home where his bill is a quarter of what the previous owners paid.

“I’m happy with my oil dealers but I’m also smart enough to know where I want to conserve as much of that fuel as possible,” he said.

Learning the keys of conservation and sustainable energy can only help an Oilheat company with their longtime customers, said Harmon.

Harmon’s comments came after he and Talmage finished an eight-hour seminar the day before and a four-hour “abbreviated” session where most of the participants wrote

**“I don’t see why there should be a conflict between what I’m doing and what an oil dealer is doing.” –Larry Harmon**

down every idea and thought coming from the pair. And much of their presentation was directed towards cutting heating costs.

Harmon said that more than three quarters of all the BTUs consumed by a house come from heating it (60 percent) or the water (16 percent).

“The biggest bang-for-the-buck is savings from heat,” said Harmon noting that 47 cents of every energy dollar goes to heat produced by oil, propane, electricity or natural gas.

One area Harmon said homeowners can recoup their money in the long run is by replacing aging boilers and furnaces with

The National Oilheat Research Alliance (NORA) has announced that Traci Ross will be replacing Mary-Rachel Keyser as communication director effective April 28.

Traci's responsibilities will include media relations, event planning, and trade shows logistics. Additionally, Traci will facilitate the advancement of NORA's communications efforts and continue existing outreach programs. She will be responsible for Website design and material, creating group driven campaigns, and other projects that develop to accommodate NORA's needs.

Traci said she "is energized to be part of the NORA community and looks forward to meeting everyone." Her email address is [TLRoss@nora-oilheat.org](mailto:TLRoss@nora-oilheat.org).

Keyser will be returning to her family's Oilheat business in the Central Vermont region. Her new email address is: [MR.Keyser@ownerservicesinc.com](mailto:MR.Keyser@ownerservicesinc.com)

## NEXT MONTH IN OIL&ENERGY: MULTI-FUEL SALES AND DISTRIBUTION

We check in with marketers who are diversifying into the delivery and service of multiple fuels.

vastly more efficient systems that achieve an Energy Star rating.

But most homeowners don't need to be experts in conservation, just have a bit commonsense to being taking a chunk out of their heating bills. Rather than heating the entire house, homeowners can invest in separate thermostats, use cold water for washing clothes, turn down the temperature setting on hot water storage tanks, use compact fluorescent light bulbs and open the window shades on sunny days which can save 1.7 gallons of hot water a day.

"It's just the simple things that homeowners already know but will not do," said Talmage, saying that reducing a house's temperature from 70 to 60 degrees for eight hours can reduce the heating load annually by 10 percent.

Each advocates using more insulation from the ceiling—which never has enough coverage ("You should insulate the heck out of your attic, two feet blown in there," Harmon said)—to the basement where a surprising 30 percent of heat loss occurs.

Harmon said that conservation and increased efficiency are not incompatible with Oilheat or the dealers that deliver it to the consumer.

"But they are the same people facing the highest heating costs they've ever seen. If you don't help them with their energy bills, they will find someone who can," he said.

Harmon's advice to Oilheat dealers is to join the sustainable energy and conservation movement. He suggests dealers and marketers not try to reinvent the wheel but to piggyback with a firm that already has an existing foothold in the sustainable industry.

"I would join in a joint venture with an existing home improvement company or simply buy one out as your entry into this market," Harmon said.

With that new component to their business, a dealer is able to send out a mailing to customers offering a free or a reduced fee house energy audit with a goal to insulation and air sealing customers' homes, similar to plans energy providers such as National Grid has been performing for years.

"It can be part of a service plan in which you help a homeowner find savings," said Harmon.

"Be that person they come to for all their energy needs, including conservation," he said. ☐

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## BLACKMER GOES PINK FOR CURE

Blackmer has donated a TLGLF3 sliding vane pump and 1 1/4-inch bypass valve for use on a pink LPG bobtail delivery truck in a campaign to raise breast cancer awareness.

The truck is owned and operated by Tri-Gas & Oil Co., Inc., a 44-year old propane and petroleum distributorship located in Federalsburg, Maryland. Tri-Gas & Oil is donating one cent from every gallon of propane fuel sold by the new bobtail for one year to the Susan G. Komen for the Cure

foundation. It is Tri-Gas & Oil's intention to help area women obtain assistance in early detection and education in the fight against



breast cancer with the creation of its new pink bobtail. Tri-Gas & Oil's chairman Keith McMahan, who is also the current Chairman of the National Propane Gas Association (NPGA), initiated this latest pink bobtail project.

For information on the TLGLF pump or bypass valve, or questions regarding Blackmer's involvement with the campaign, please contact Tom Stone at (616) 248-9252 or stone@blackmer.com.

## FINDING FUEL SUPPLY CONTACTS ONLINE

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For more information, visit <http://opisnet.com/directories/psa.asp>.

## TACO'S NEW 1400 SERIES CIRCULATORS

Taco, Inc. has announced an expansion to its compact-sized 1400 Series High Capacity Circulator line with the introduction of eight new models. The new models, available in both cast iron and bronze (B) versions, are the 45, 50/2, 65 and 70/3.



Taco says their 1400 Series High Capacity, maintenance-free circulators are specifically designed for quiet, efficient and dependable operation in a wide range of medium to high flow/head systems. Typical applications include hydronic heating, primary/secondary loops, in-floor radiant, snow melt, high pressure drop boilers,



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*Benefits Administrator*

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The 1400-65 uses the same 1/3HP motor and provides maximum flows up to 120 gpm. The 1400-70/3 model is designed with a larger 3-inch flange and provides flow up to 150 gpm. Both models are more suited to high flow applications like large primary loops or chilled water systems.

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**Please contact:**

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 New England Fuel Institute  
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## The Sleeping Dogs Are About to Howl

By Richard Goldberg, Warm Thoughts Communications, Inc.

**MY SISTER RECENTLY STARTED SELLING** advertising space for a local newspaper in Westchester County, N.Y. One of her first leads was a heating oil company with about 2,000 customers. She was optimistic about the call. After all, oil prices are at record levels, she figured, and this guy must have money to burn.

She was surprised to find that things weren't going so great for him. In fact, he wasn't very interested in marketing his oil service at all. He wanted to expand his plumbing business. With oil prices so high, he would only add new oil customers if they gave him access to their credit card or bank account, with the right to take payment any time they went beyond 30 days.

"Did you know," she asked me, "that his suppliers actually do that to him? And he has to pay within 10 days, not 30. What's more," she said, "he doesn't even make more money when prices are this high. He makes less!"

She was so surprised by his answer, she actually said, "Do your customers know that's the case? Do you ever communicate with them about it?"

"Nope" he said. "I don't think they care. All they care about is what's on their bill."

"Well", she responded, "I heat my own home with oil. And it would matter to me.

It wouldn't change the fact that I hated paying my bill, but I might pay it a little faster if I thought my oil company wasn't fooling with me."

And there, in a nutshell, is the point. Nothing you can do will change the fact that your customers will hate their oil bills. But there's plenty you can do to make sure they don't transfer that ill feeling over to you. You can tell your story better, and it will influence the attitudes and decisions of many customers. Now's the time to start doing it.

### RISE AND SHINE

The problem is that many of you still operate with the mantra "Let sleeping dogs lie." You assume that talking to your customers about oil prices will make them more price-sensitive. You assume that nothing you can say will affect their thinking, mostly because the vocal minority has made you cynical. You think just because they're not calling you, that means they're OK or at least resigned to things.

But guess what? The dogs are about to wake up anyway. Pretty soon, your customers who signed on to programs last year are going to receive your announcement letter, and it's going to hit them like a triple espresso. Maybe they'll also receive one of those postcards with a "special" offer from one of

your competitors. Or see some crazy pre-buy ad from an outfit that needs to raise money fast. While we're at it, let's throw in those customers who weren't on programs, and think you made a boatload of money at their expense. And don't forget about those who think converting to natural gas would shield them from the oil doom and gloom they see every day on the news.

It is not going to be a pretty summer, but it will be even worse if you don't address these issues head on.

### GET YOUR MESSAGE RIGHT

For more than 15 years, I've beaten the drum for improving customer communications and marketing in this industry. And I've seen some definite improvements. But overall, this is still the Achilles' heal for many of you. And this year, that's really going to cost you.

I implore you to put together your customer retention and communication strategy right now for the off-season. Ask yourself: How am I using all the various mediums at my disposal to engage the customers and tell them my story? Your customers need to see that you are on their side, that you appreciate how tough the bills have been and that you are doing what you can to make it a little easier.

At the same time, you need to put the

current prices in perspective. The news is making it seem like the only way oil prices can go is up. We know that's nonsense, and history verifies it. But it doesn't matter if you're not making that case to your customers.

More than ever before, you need to reinforce your personal relationship with them, and make the true value you provide clearer. Otherwise, it's much easier for them to go shopping to save some money. And as much as you emphasize the positives, you also can't be afraid to raise doubts about the color of the grass on the other side of the fence. You need to give customers pause when their interest is piqued about getting the same thing they have now, only for much less. You need to make them think twice. And there is certainly enough evidence to use if you look for it.

**COVER YOUR BASES**

Rather than wait, you need to reach out proactively, making good use of your spring newsletters, end-of-year communications, inserts and web site. Reach them before they call. Your tactics can, and should, feed off of each other. For example, an article that points out how you rescued customers in a pinch could link to a section of your Web site filled with more of these stories, or pictures of the customer in question with a longer story, or

tips on how to avoid some mishap. Tell your story, and shape their opinions, or have them shaped by your competitors, the media, and their own frustration.

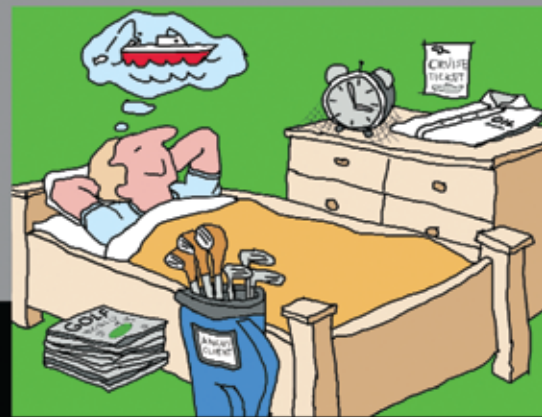
If you offer price protection programs, you have a special imperative this year, because so much attention will be focused on this area. How are you going to promote your options? If you're concerned that your letters could lead to a new round of price shopping, you'd better think carefully about how they're written. A landing page on your site could have much deeper explanations about the pros and cons of price protection or what's driving oil prices for those customers that want to know more. You benefit when they see you as their resource, when they see you on their side, and when they understand how this stuff really works. Otherwise, they tend to think the worst.

Among the challenges you face are the set-up date and sign-up procedure. Then all hell breaks loose! An increasing number of clients are using a rolling admission program, where customers can enroll on a daily basis on a website. Also, remember that you don't need to promote all options to all people, unless you don't mind which choice they make. If you have a segment of customers on price protection and others who haven't opted

in, you are not compelled to promote this option to the latter, unless you feel you come out ahead that way.

While you're at it, it may be a good time to look closely at your price protection offerings in general. Are you offering the right options? Are you covering your expenses and risk? Are your target margins right, and what do you need to do if the answer to any of those is no? You can make changes in your programs so they work better for you, not just your customers. For example, you can steer more customers onto budget (or cap) and away from pre-buy, and that can have a big positive, long-term impact on your business. (Pre-buys give you an initial cash flow infusion, but they hypersensitize customers to price, generally provide lower margin, and make it much easier for you to lose the account.) You can eliminate some programs, start charging for caps or downside protection, increase the charges, change the start date, etc. Many of you feel very anxious about making changes like this, but if you handle the communication thoughtfully, you can really reduce any negative customer reaction.

I wish I could tell you that by doing all this, your customers will go back to sleep. But \$100 a barrel crude is a blaring radio. The best you can do is to give them some earplugs to make a terrible situation a little better. ☒



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## Things That Make You Go Hmmm ...

By Bruce Marshall, Emerson-Swan

**OVER THE YEARS THAT I HAVE BEEN IN THE** industry, I have seen some things in the field that absolutely boggles the mind. These experiences range from the incredibly stupid to the completely absurd to the realm of the bizarre.

There was the time I went to follow up call on why a technician had been on a routine service call for three-and-a-half hours and no one had heard from him. This particular guy had a phobia about a certain foreign-made oil burner and this call involved one of them. Arriving at the job, I found him seated on a five-gallon pail, scratching his head with

**These experiences range from the incredibly stupid to the completely absurd to the realm of the bizarre.**

the entire burner disassembled on the floor. He said "I've been wrestling with this for hours and just can't understand why it doesn't fire." Glancing over at the oil tank, I noticed the gauge bottomed out and immediately

realized what the problem was; it was out of oil. I told him to try and put it back the way he found it and called for an oil delivery. I found a similar situation with a homeowner once. He had the burner in pieces on the floor. I didn't make him put it back together but instead charged him for all the time it took me to do it plus the time to fix the original problem.

Then there was the time one of my oil drivers was filling an underground tank with a measured delivery at a gasoline station. He left the gun open, the nozzle in the fill and shut off the flow from the meter while he went to check the level in the tank. Unbeknownst to him, the nozzle jumped out of the fill when he opened the valve at the meter and 25 gallons spilled under the snow. Now at the time he must have figured that since it went under the snow, it was gone so he rolled up the hose and didn't say anything to anyone. My day began the next morning with a phone call from the station owner informing me the fire department, police department, Department of Environmental Protection, the mayor, and a television news

team were there and wanted to talk to me. That was the beginning of a very bad day for me since the gas station was in Woburn, Mass., that was at the time the site of the largest environmental pollution cases in history.

There was the time I installed an under the floor radiant system in a house that was being remodeled. The house was being totally renovated and none of the subcontractors, myself included, were on the same schedules. My portion of the job was completed long before the finish work was done. My system would have worked very well if the hardwood floor installers hadn't turned it into an indoor sprinkler system. We ended up ripping it out and starting over which of course started the fingers pointing. Ultimately it was decided to be my fault for not being on site when the floor guys were there. The fact that I was not notified of their arrival was irrelevant. Go figure.

I received a call once to go look at an oil spill caused by an allegedly leaking pump seal. What I found to be fascinating was that by the time I got the call, the contractors had replaced six oil pumps over a three-month period, all

with leaking pump seals. Number seven was now leaking. Now the odds of this happening are roughly the same as the odds of winning the megabucks lottery. In fact, you might have BETTER odds of winning the lottery. It took me all of five minutes to find the outside tank and the two check valves inside that were, in fact, causing the pump seals to blow. That one was five years ago and I believe it is still in court.

Another story from the heating "X Files" was the new boiler with the burner motor going off on overload after a few weeks in operation. One of the baffling aspects of the case was that it only happened at night. After several calls that did not resolve the problem, the very frustrated techs finally resorted to changing parts. They changed three burner motors and one oil pump with the same result. Nothing worked and the problem continued. Since the lockouts only occurred at night, the service manager decided to pay a visit to the home one evening. It was then that he discovered the wood stove blazing away around the corner of the chimney from the boiler. The heat being given off by the wood stove that was only fire d at night was enough to trip the overload on the burner motor. Jobs like this are enough to give you grey hair.

A fellow at one of my seminars recently told me a great story. He was called to the

home for high carbon monoxide levels. When he got there and asked the lady of the house what triggered the alarm she told him it was the spiders. He looked at her like she had two heads. "The spiders? What do spiders have to do with carbon monoxide?" he asked. She informed him that another technician had told her that if the spiders in the cellar started dying, it is because there are high levels of carbon monoxide in the basement. He must have been thinking of the canaries old time miners used to keep in the mines to detect gas. If the canaries keeled over, there was poison gas in the mine and it was time to get out. Upon hearing this, she had thoroughly cleaned the basement of every spider web she could find and now they were back and dead. Those of us who work in cellars know that spiders are among the many creatures that live down there. Spiders have a life span ranging from a few months to as many as 20 years but I am betting that the cellar spiders may have died from lack of food. He did a combustion test and assured her there were no harmful carbon monoxide levels in her house and suggested she invest in a carbon monoxide detector.

In the course of a day we all run into weird off the wall situations but the best way to handle them is to keep your sense of humor and laugh a lot. And above all, don't make the same mistakes yourself. ☺



### PUBLIC AWARENESS OF ENERGY STAR SURGES

Public awareness of the Energy Star label has grown to more than 70 percent in 2008, an increase of about 20 percentage points over the last five years, according to a recent report. In many major markets where local utilities and other organizations use Energy Star to promote energy efficiency to their customers, public awareness of Energy Star is even higher, averaging nearly 80 percent.

The report titled "National Awareness of Energy Star for 2007" presents an analysis of a survey commissioned by the Consortium for Energy Efficiency, a non-profit organization that promotes the manufacture and purchase of energy-efficient products and services. This is the eighth year that the survey has been conducted.

Additional results from the survey show that:

- More than 70 percent of households reported being favorably influenced by the Energy Star label, up from about 50 percent in 2003;
- 80 percent of these households reported they are likely to recommend Energy Star products to their friends, with 29 percent of households reporting they are "extremely likely" to recommend Energy Star.

Energy Star was introduced by EPA in 1992 as a voluntary, market-based partnership to reduce greenhouse gas emissions through energy efficiency. For more information or a copy of the report, visit [www.energystar.gov/news](http://www.energystar.gov/news).

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- Gas Heat Training for the Oilheat technician

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## NJ REMEDIATION PROGRAM UNDERGOING CHANGES

The New Jersey Department of Environmental Protection (NJDEP) is currently in the process of reviewing its proposed Site Remediation Program that came under withering criticism by the State Auditors Office in December.

During the current review, the Fuel Merchants Association of New Jersey (FMANJ)—whose residential customers with faulty oil tanks are covered by the program—



saw their recommendation for a more effective billing system enacted by the state agency. The FMANJ complained that the transition from the old system to the new one was chaotic with a great number of billing duplications, partial billing, and sending bills to sites that had no business being targeted.

In addition, notifications were being sent in large batches resulting in nearly all homeowners receiving their notices at the same time. As a result, FMANJ members were being swamped with calls from residential customers seeking help after receiving invoices from the state. The NJDEP has promised the Association that it is committed to resolving the billing issue and has promised to spread out the mailings.

## STAGE II REPEAL BILL SIGNED IN MAINE

Maine Gov. John Baldacci signed the Maine Oil Dealers Association (MODA)-sponsored Stage II repeal bill into law in April.

Public law Chapter 559 repeals the Stage II requirements on Jan. 1, 2012. The gasoline dispensing pump vapor control regulations, first required in the mid-1990s, were deemed outdated and unnecessary. MODA said the requirement added \$20,000 to the construction of new facilities without providing any of the environmental benefits. There were 131 facilities required to have Stage II devices, costing each site about \$3,000 annually. And in a twist, the Maine Department of Environmental Protection testified in support of the MODA bill.

Under the new law, stations that exceed one million gallons are no longer required to install Stage II devices on the day the bill was signed.

## AG URGED TO INVESTIGATE OIL PRICES

The Vermont Senate recently asked state Attorney General William Sorrell to investigate “probable illegal and anti-competitive activities” by oil companies operating within Vermont.

The purpose of the investigation is to recover the “costs of illegal price-fixing, price-gouging, and conspiracy to restrain trade in retail gasoline and diesel fuel.” The Attorney General has suggested that any investigation should be conducted at the federal level.

Vermont Fuel Dealer Association Executive Director Matt Cota urged state lawmakers to work with the state’s Congressional delegation to enact the regulatory reform needed to reduce prices now. The real price gouging is happening on Wall Street, said Cota, noting that several bi-partisan investigations show that up to a dollar of every gallon of gasoline goes to speculators. He added that past investigations of price gouging at the retail level have all come to the same conclusion—it does not exist. The most recent study was concluded in September 2007 entitled *Report on Petroleum Product Markets in the Northeast*, that was

commissioned by the Attorneys General of Maine, Massachusetts, New Hampshire, New York and Vermont.

## GOLF TOURNAMENT IN RHODE ISLAND

The Oilheat Institute of Rhode Island’s Annual Golf Tournament and Charity Dinner will be held on Monday, June 2 at the Kirkbrae Country Club in Lincoln, R.I. This year’s charitable recipient will be Cory Sousa, 19, a healthy athlete who suddenly became ill in February with non-specific interstitial pneumonitis. Sousa has been hospitalized for the past six weeks and has no health insurance. He is being treated with chemotherapy and steroids and is on the list for a double-lung transplant. Information about the event will be posted in the Upcoming Events section of the association’s new Website [www.oilheatinri.com](http://www.oilheatinri.com).

## SPIEGEL ELECTED EMPIRE STATE PRESIDENT

Richard Spiegel, CEO of SOS Fuels of Tuxedo, N.Y. has been elected President of Empire State Petroleum Association.

Spiegel has been active in the petroleum business for 51 years. He is a member of the board of the Hudson Valley Oil Heat Council.

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## Tricks of the Trade, The Basics

By Lora Claus, Hedge Solutions

**THE DECISION TO PURCHASE OIL FOR NEXT YEAR** is a tough one. But when you do decide to pull the trigger, a little know-how can go a long way towards minimizing your costs.

Let's start with the basics. It's time for live quotes. With heating oil prices moving ten cents a day and margins in a squeeze, every point (\$0.0001) per gallon is important. Fifteen-minute delay just doesn't cut it any more, especially now that the NYMEX is offering real-time quotes for free. No strings attached, no sign-up required.

The first six contract months are listed. By the time you read this article, prices for June 2008 through November 2008 will be on the Web site. For the rest of next season's winter months, you could go back to the 15-minute delayed quotes. But a better alternative would be to bite the bullet and pay for a real-time feed. They've never been cheaper. The NYMEX offers a 'quotes only' package for \$80 per month. If you're interested in additional features, like charting, for example, there are many other providers to choose from at a range of price points.

With a live screen, you see the same pricing that your suppliers reference to sell you wet barrels. Suppose you need to purchase a November 2008 contract. You pick up the phone, call your supplier, and ask where November is trading. Typically they'll tell you the last price that traded for that month. Is that all you need to know?

Let's walk through an example of how a real-time screen can help. Find the November 2008 quote (the symbol is HOX8.) There are several columns of information that will appear on your quote system. The 'last' price shows you where the contract most recently

traded. The 'bid' price shows you the most someone is willing to pay to buy the contract right now. The 'ask' price shows you where someone is willing to sell the contract right now. Let's use real numbers to illustrate.

Symbol	Last	Bid	Ask
HOX8*	3.1000	3.1100	3.1175

If you told your supplier to buy 1 November contract right now, where would you get filled? If you said 3.1175, go to the head of the class. By issuing the order to "buy it right now," a market order, you've said "I'll pay whatever price at which someone's willing to sell it to me." That's the 'ask' price. And if you noticed, in this example the ask price is 1.75 cents more than the last price, the number dealers commonly focus on. When you call your supplier or look at your screen, as a buyer, make sure you find out the 'ask' price.

Is there an alternative to paying the ask price? Yes, there is. You can work the spread between where someone is willing to buy the contract (3.1100) and where someone is willing to sell it (3.1175.) This is called the bid-ask spread. Instead of putting in a market order, you can place a limit on how much you're willing to pay, called a limit order. In this example, you could put in a limit order to buy one November contract at 3.1150. Now you're the best bid price, at 3.1150. The goal is that someone who needs to sell a contract will come down and meet you in the middle. If you think about negotiating between buyers and sellers, this happens all the time, whether it's for contract prices or the price of a house. Usually there's some give and take to get the deal done. The NYMEX is no exception.

Is there any guarantee your order will get filled? No, there isn't. The market could trade higher for the rest of the day. Someone could place an order after yours to buy at 3.1160, and then they become the best bid. The only order that will guarantee you get filled right now is a market order.

So are limit orders really any practical use? I think there's one context in which they are pretty outstanding. Most of the oil dealers I know are busy people. In fact I don't have a single client whose only job is to purchase oil. Limit orders are an excellent tool to use when you can't watch the market all the time. At well over \$3-per-gallon, I'm not seeing a huge rush out there to buy oil for next year's price protection programs. But maybe you'd like to buy something if the market dips to \$2.90? If the market did come back to that level, but only for a brief time, it would really stink if you were on vacation or out on the truck, or simply not watching the screen. Instead of hiring a procurement manager to stare at the quotes every day, you could place a limit order with your supplier to buy at \$2.90. Make sure you know how long the supplier will leave the order open, say, just for the day or for the week or until you cancel it.

As the market constantly reminds us, times have changed from the good old days. At least the technology is changing, too, to give us the chance to keep up. ☞

*\*HO stands for Heating Oil. X stands for November. 8 stands for 2008. If you'd like a list of the symbols for all months, send an email to [service@hedgesolutions.com](mailto:service@hedgesolutions.com).*



## The Right Time to Buy or Sell An Oil Company?

By John Nardozi, Nardozi Consulting, LLC and Oilheat Network Exchange, LLC

**NOW THAT ANOTHER CHALLENGING HEATING** season is coming to an end, we can expect to see many signs of spring. Flowers in bloom, the Red Sox on the field, and dozens of Oilheat companies suddenly up for sale.

Is this the best time to sell your company? Is it a good time to grow your business by buying a competitor? As with most things in life, timing is important when it comes to buying or selling a business.

When you decide to sell your Oilheat company, you want to maximize your profit. That is the reward for all those years of hard work and long hours. And the end of the heating season may be the optimal time to accomplish that objective. Here's why:

- All of your prepaid and budget credit accounts are, hopefully, fulfilled and off the books.
- The season's profits are already in the bank.
- Outstanding accounts receivable are being collected.
- That pile of bills on your desk is being whittled down as you pay off the season's debts.
- You have not yet started the planning process for next year (price protection programs, hedging plans, supply agreements, service contract renewals, etc.).

All of these add up to a good time to make a clean break and to put your company on the market. Let the buyer make those decisions!

If you are on the other side of the table, and are looking to buy another Oilheat company, spring is also a good time to start the process. But don't be in any hurry to close the deal immediately. Assuming that negotiations and finance arrangements will

take from six to eight weeks, a purchase made now is unlikely to be completed before mid- to late-summer. Perfect timing for you, because:

- You don't have to carry off-season costs all summer.
- You can reduce the purchase price you pay by the amounts due to customers (pre-pay balances, budget credit balances).
- You know what the company's actual margin was and can negotiate a better price based on that figure.
- Retained gallons measuring period may be accelerated (reduced) because the heating season is about to begin.
- Customers are less likely to jump ship and shop for another dealer too close to the season.
- Your pay back, which is normally 18 to 30 months, can be cut by up to six months.
- You can integrate your new customer base into your existing customer base more easily before the season starts.

If you have the deal under agreement, you can strategize together the targeted margin, pre-buys of wet barrels, hedging strategies, as well as setting pricing programs and service plans for the upcoming season. This eliminates any surprises and purchase price adjustments.

It is also a good time to determine the strategy for marketing the merger and how best to communicate the change to customers.

So is now the best time to buy or sell an Oilheat business? If your company is in financial difficulty, the best time to sell may be right away, no matter what the timing may be. But if you have made the decision to sell based on other factors, and your business is

basically healthy, you have the "luxury" of being more selective and reviewing more offers.

If you are buying, get into the game now so that you have time to find the right match for your company. But don't rush to finalize the deal until later in the summer. ☐

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**HOMELAND SECURITY TO RELEASE "NO-MATCH" LETTERS**

The Department of Homeland Security (DHS) said recently that employers who fail to respond to the department's controversial "no-match" policy would be viewed as in "knowing" violation of immigration law if later action is taken.

Under the rule, employers are responsible for resolving discrepancies in employees' social security numbers that do not match information from the Social Security Administration.

DHS plans to begin sending "no-match" letters to employers soon. Petroleum marketers receiving a "no-match" letter must respond within 30 days.

**BOEING READIES FLIGHT USING BIOFUEL**

Aircraft manufacturer Boeing Corp. is teaming up with GE Aviation and Continental Airlines to demonstrate the use of biofuels in commercial aircraft.

Early next year, a Continental Airlines Boeing Next-Generation 737 will be fueled



with a blend of biofuel and jet fuel and flown on a demonstration flight. To prepare for that flight, the companies will first perform laboratory and ground-based jet engine performance testing to ensure compliance with stringent aviation fuel performance and safety requirements.

In the months leading up to the flight, Continental, Boeing, and GE will work together and with an undisclosed fuel provider to identify sustainable fuel sources that can be produced in sufficient quantities to meet the needs for both the pre-flight testing and the demonstration flight. Virgin Atlantic flew a biofuel demonstration flight of a Boeing 747-400 in February.

**HIGH GAS PRICES HURTING SMALL BUSINESSES**

The U.S. House of Representative's Small Business Subcommittee on Investigations and Oversight recently held a hearing to address the impact high gas prices have on small businesses.

Witnesses highlighted the detrimental

effects high gas prices have on small businesses and some pointed the finger at Wall Street and the U.S. energy policy for the sharp rise in energy prices. Vincent Orza, Jr., dean of the Meinders School of Business, Oklahoma City University, raised the possibility of reducing federal fuel taxes to alleviate consumer pain at the pump. He also criticized U.S. energy policy because it restricts U.S. oil companies from finding new areas to drill for oil.

"As industry expands in China and India and the demand for oil increases, fuel costs will go up. No one wants more pollution, but we've got to drill, we've got to export," he said.

**MORE COMMERCIAL TRUCKERS BUCKLING-UP**

The U.S. Department of Transportation recently released a report saying that seat belt use among commercial motor vehicle (CMV) drivers has reached an all time high.

According to the report, 65 percent of all CMV drivers use seatbelts. A similar study in 2003 found 48 percent seat belt use among CMV drivers. The increase is attributed to more aggressive roadside enforcement as well as new outreach and educational materials published by both public and private sources. Nearly 300 CMV drivers died last year in vehicle accidents where seat belts were not used. While the higher percentage of CMV drivers using seatbelts is good news, the rate lags far behind the 82 percent of passenger vehicle drivers who buckle up.

**OIL VOLATILITY TO KEEP OIL PRICES HIGH**

Oil price volatility is here to stay, with prices fluctuating within the range of \$70-110 a barrel and averaging \$85-90 a barrel this year, according to Fereidun Fesharaki, chairman and chief executive officer of FACTS Global Energy. He was speaking during the opening of the 16th annual Middle East Petroleum & Gas Conference (MPGC) in the United Arab Emirates.

Fesharaki also said demand growth has failed to waver because new players have emerged, with growth in China and the Middle East. He said for oil demand to diminish in the U.S., it will probably take an oil price of \$150/bbl, but this price needs to come as part of a package that includes taxes, Corporate Average Fuel Economy standards, and other restrictions on consumption.

Speaking about the future of supply, Fesharaki said oil supplies from producing countries outside the Organization of Petroleum Exporting Countries (OPEC) would plateau within 3-5 years.



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**14** VFDA's NORA Tank Class with **Bob Hedden**, White River Junction, VT. 802-485-7999 • [www.vermontfuel.com](http://www.vermontfuel.com)

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**18-22** NAOHSM Convention & Tradeshow, CT Convention Center, Hartford, CT. 888-552-0900 • [www.naohsm.org](http://www.naohsm.org)

**27-29** Vermont Fuel Dealers Assn. Spring Conference, Basin Harbor Club, Vergennes, VT. 802-485-7999 • [www.vermontfuel.com](http://www.vermontfuel.com)

**June 2008**

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**2** Oil Heat Institute of Rhode Island's Annual Golf Tournament and Hall of Fame Dinner. 401-464-8000

**2-6** NORA/MIT Strategic Planning Workshop, Princeton, New Jersey. 703-340-1660 • [www.nora-oilheat.org](http://www.nora-oilheat.org)

**11** Oil Heat Council of New Hampshire's Annual Golf Outing, Stonebridge Country Club, Goffstown, NH. 603-895-3808 [www.nhoilheat.com](http://www.nhoilheat.com)

**22-25** Maine Oil Dealers Association 54th Annual Convention, Samoset Resort, Camden, ME. 207-729-5298 • [www.meoil.com](http://www.meoil.com)

**22-25** Joint North Carolina Petroleum & Convenience Marketers/Virginia Petroleum & Convenience Grocery Assn. Summer Convention, Marriott Resort, Hilton Head Island, SC. NCPCM: 919-782-4411 • [www.ncpcm.org](http://www.ncpcm.org) VPCGA: 804-282-7534

**25-26** Propane Gas Assn. of New England Summer Meeting, Stoweflake Resort & Conference Center, Stowe, VT. 603-544-2226 • [www.pgane.org](http://www.pgane.org)

**July 2008**

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**10-15** ESPA/PPMCSA Canadian Rockies Adventure Summer Convention, Fairmont Banff Springs Resort, Banff, Alberta, Canada. 877-666-3404 518-449-0702

**20-22** Penn. Petroleum Marketers & Convenience Store Assn. (PPMCSA) Summer Conference, Grand Hotel, Ocean City, MD. 717-902-0210 • [www.ppmcsa.org](http://www.ppmcsa.org)

**August 2008**

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**7** OHI of Rhode Island's Annual Clambake, Kempenaar's Clambake Club, Middletown, RI. 401-464-8000

**13-15** Radiant Panel Association's Annual Conference and "REX" Radiant Expo, Schaumburg, Illinois. 970-613-0100

**18** Mass. Oilheat Council's Golf Tournament, Pinehills, Plymouth, MA. 781-237-0730 • [www.massoilheat.org](http://www.massoilheat.org)

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14 minutes

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The importance of follow up after the sale.

The five most common scenarios. 15 minutes

No ulterior motive call

Sandwich technique

New contact situations



## Ongoing La Nina Likely Means an Early, Hot Summer

By John Bagioni, Fax-Alert Weather Service

**FOR THE BETTER PART OF THE LAST YEAR** or so, forecasters have been trying to assess the potential weather impacts of a very potent and long-lasting La Nina event. Just as a brief reminder, a La Nina episode occurs when the equatorial Pacific Ocean has a significant coverage of sea-surface temperature anomalies greater than about half-a-centigrade for an extended period of time, generally three months or longer. There are other atmospheric indicators and indexes that help define the presence of a La Nina, but the colder than normal water is eventually the key to its existence.

Our ongoing La Nina was first hinted at during the spring of 2007. It played possum into the early summer before blossoming into a major event by last fall. By all accounts, it was a very strong event during the 2007 to 2008-winter season.

Powerhouse La Ninas like this current one have a tendency to fade, or weaken, a bit during the spring and early summer only to re-intensify again during the late summer or early fall period. The historic record of past strong events shows evidence of two-year life spans.

At this point in time, my late spring and summer forecast for May through August will be greatly influenced by the expected trends of the ongoing La Nina. I do not think we can completely trust computer model predictions about what is likely to happen to the La Nina over the next six to nine months. You can certainly look for common themes in various predictions of the equatorial Pacific temperature profile, but you need to combine that with verifiable conditions as well as data of similar past events.

If you look at the trends since February, there is no doubt that the La Nina is currently in a weakening phase. Sea-surface temperature data shows strong warming just

west of South America, while the coldest anomalies are still located out across the western Pacific sectors. A casual observer might actually think an El Nino is starting to develop. My take is that a weakening trend has definitely set in but this La Nina is far from dead.

Weakening is common during the spring months and it is likely giving a false indication of a dying La Nina. I am going to assume based largely on past strong La Nina events that some strengthening of the La Nina occurs again during the upcoming late summer/early fall period. Whether or not it can get back to moderate or strong intensity next fall will not be known until we are well into the summer season.

While spring La Nina patterns usually produce below normal temperature averages across the Northeast, this spring has seen much more of a pulsing temperature pattern in the Northeast with the coldest anomalies displaced much further west. The cold periods were significant but for most areas of the

Northeast they were more than offset by warm surges.

I have felt for some time that a weakening La Nina would favor a quick turn to summer-like conditions across the Northeast once fully into May. The strength of a couple of the warm surges during April made me feel even more strongly about the trend.

There were a couple of cold intrusions during April, but they did not last as long as I had projected, and I was actually more surprised by the warm thrusts into the Northeast. The door might still be open for one or two solid cold intrusions during early May before the shift into a true early summer pattern can occur.

Here is my latest take on how things will shake out from early May on into and through the summer. I will allow the pattern to remain quite variable into early May, which means the potential for a significant cool shot will be in play prior to May 10. Once into mid May, if not a bit earlier, I like the call for a summer-like pattern to evolve with a solidly warmer than normal temperature anomaly in place across the Northeast by the end of May. Let's say a 2.5 to 4 degree increase for May.

June into early July continues the warmer than normal theme. This favors the 2008 summer season getting off to a hotter than normal start with June averaging well above normal.

What happens from mid-July on into early September is going to be greatly dependent upon whether the La Nina stays weak or enters a new phase of intensification. If it stays weak, mid and late summer temperature anomalies will run near normal to modestly above normal. If it ramps back up, it could mean the second half of the summer would run nearly as warm or hot as the first half.

Right now I favor a weak La Nina through the summer season, which means the May 10 through July 10 warm anomaly across the Northeast will be greater than the July 10 through Sept. 10 anomaly. A warmer/hotter than normal summer overall is predicted. ☞

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REPORTING DATE: 3-31-2008

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Concord, NH	6206	6463	5848	623
Burlington, VT	6220	6663	6283	646
Albany, NY	5578	6005	5605	553
Worcester, MA	5544	5878	5416	601
Boston, MA	4649	4846	4528	503
Hartford/Springfield	5046	5385	4934	488
Providence, RI	4582	4995	4467	494
Chatham, MA	4353	4856	4403	608
Bridgeport, CT	4279	4769	4408	490

Report compiled by John Bagioni, a consulting meteorologist who runs Fax-Alert Weather Service, LLC, Burlington, Conn. He can be reached at: 860-675-9091, or at: johnbag@comcast.net.

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**Distillate Stocks by PADD (Million Barrels)  
PRODUCTS IN STOCK: MOST RECENT WEEKS**

Ultra-Low Sulfur / 15 ppm and under				Low Sulfur / 15 ppm+ to 500 ppm			
	Week Ending				Week Ending		
District	4/11/08	4/4/08	Year Ago	District	4/11/08	4/4/08	Year Ago
East Coast (PADD I)	12.9	13.8	11.7	East Coast (PADD I)	4.8	4.8	6.6
NEW ENGLAND	1.3	1.4	1.5	NEW ENGLAND	0.1	0.1	0.5
MID-ATLANTIC	5.5	6.0	5.7	MID-ATLANTIC	1.7	1.6	2.8
SOUTH TO FLA.	6.0	6.3	4.5	SOUTH TO FLA.	3.0	3.2	3.3
Midwest (PADD II)	22.5	22.4	19.0	Midwest (PADD II)	3.6	4.0	5.4
Gulf Coast (PADD III)	20.2	19.1	15.6	Gulf Coast (PADD III)	6.3	6.8	8.1
Rocky Mtn. (PADD IV)	2.6	2.3	2.5	Rocky Mtn. (PADD IV)	0.5	0.5	0.4
West Coast (PADD V)	9.9	9.4	8.6	West Coast (PADD V)	1.5	1.3	1.2
<b>U.S. Total</b>	<b>68.0</b>	<b>67.0</b>	<b>57.4</b>	<b>U.S. Total</b>	<b>16.6</b>	<b>17.4</b>	<b>21.6</b>
Greater than 500 ppm (0.05%) Sulfur				TOTAL DISTILLATE STOCKS			
	Week Ending				Week Ending		
District	4/11/08	4/4/08	Year Ago	District	4/11/08	4/4/08	Year Ago
East Coast (PADD I)	12.5	13.2	23.4	East Coast (PADD I)	30.1	31.8	41.7
NEW ENGLAND	2.5	2.7	5.1	NEW ENGLAND	4.0	4.3	7.1
MID-ATLANTIC	8.4	9.1	14.3	MID-ATLANTIC	15.5	16.6	22.8
SOUTH TO FLA.	1.6	1.4	4.0	SOUTH TO FLA.	10.6	10.9	11.8
Midwest (PADD II)	2.5	2.7	3.9	Midwest (PADD II)	28.5	29.1	28.2
Gulf Coast (PADD III)	4.9	4.3	8.2	Gulf Coast (PADD III)	31.4	30.1	31.9
Rocky Mtn. (PADD IV)	0.1	0.1	0.2	Rocky Mtn. (PADD IV)	3.2	2.9	3.0
West Coast (PADD V)	1.4	1.3	2.7	West Coast (PADD V)	12.8	12.1	12.5
<b>U.S. Total</b>	<b>21.4</b>	<b>21.6</b>	<b>38.3</b>	<b>U.S. Total</b>	<b>106.1</b>	<b>106.0</b>	<b>117.3</b>

**Weather Summary**

**Selected U.S. Cities  
(Population Weighted Heating Degree Days)**

The weather for the nation, as measured by population-weighted heating degree-days from July 1, 2007 through April 12, 2008 has been 1 percent warmer than last year and 4 percent cooler than normal.

Location	Current	Normal	% Change
	7/1/07 thru 4/12/08	7/1/07 thru 4/12/08	Current vs. Normal
Boston	4865	5113	-5%
Chicago	5844	5979	-2%
Hartford	5275	5651	-7%
New York	3946	4452	-11%
Philadelphia	4031	4478	-10%
Pittsburgh	4993	5374	-7%
Portland	4865	5113	-5%
Providence	4798	5259	-9%
Raleigh	2688	3313	-19%
Richmond	3134	3727	-16%
Washington	3321	3867	-14%

**Sources:**

Energy Information Administration, Weekly Petroleum Status Report. For information about distillate stocks, contact Diana House: 202-586-9667 or by e-mail at dhouse@eia.doe.gov.

**Oil & Energy Securities Recap**

Company	Symbol	4/18/08	3/19/08	Change
<b>Ashland Inc.</b>	ASH	53.44	48.60	+4.84
<b>BP-Amoco</b>	BP	68.09	61.99	+6.10
<b>ChevronTexaco</b>	CVX	92.93	84.68	+8.25
<b>Conoco Philips</b>	COP	83.57	76.74	+6.83
<b>ExxonMobil</b>	XOM	94.06	87.46	+6.60
<b>Global Partners</b>	GLP	21.45	21.04	+41
<b>Hess Corp.</b> (formerly Amerada Hess)	HES	104.90	93.14	+11.76
<b>LUKOIL</b>	LUKOY	92.10	77.50	+14.60
<b>Marathon Oil</b>	MRO	48.82	48.43	+39
<b>National Grid Plc</b> (formerly Keyspan Corp.)	NGG	71.38	73.47	-2.09
<b>Occidental</b>	OXY	82.90	71.81	+11.09
<b>Royal Dutch Shell Plc</b>	RDSA	76.06	68.51	+7.55
<b>Star Gas</b>	SGU	3.05	2.85	+0.2
<b>Sun</b>	SUN	55.85	54.09	+1.76
<b>Tesoro Petroleum</b>	TSO	28.38	31.12	-2.74
<b>Total</b>	TOT	80.83	74.07	+6.76
<b>Valero Energy</b>	VLO	52.49	51.37	+1.12

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recall the inflationary rush of the early 70s when heating oil spiked from about twenty-five cents a gallon retail to over a half-dollar, there can be little solace in the recent jumps to over \$4 a gallon.

Many economists were assuaging price emotions until recent months by continuing to infer that we had still not reached the inflation adjusted price points of the 1970s.

Perhaps, but those 70s consumers could at least gain some comfort that if he or she put money in a bank CD or treasury bond, they were going to see a yield (in double digits for a stretch) that was commensurate with the galloping inflation.

Not so today. Oil prices and interest rates are at polar opposites.

So, what gives?

A few thoughts: One scenario suggests the global economy is so intertwined among nations that we have reached the highest peak demand for oil and key commodities ever encountered. That demand is driving prices up to unconscionably high levels.

(At least we can be thankful oil has not spiked in the manner rice has overseas.)

Unfortunately, the parallel slowdown in the U.S. has resulted in the traditional incentive being offered to combat recessionary concerns, namely lower interest rates.

Higher energy costs will slow economic momentum, but the bigger concern should be their inflationary impact. Fed Chairman Ben Bernanke assuredly recognizes this, and it is likely we'll soon witness an end to the recent round of interest rate cuts.

Will that strengthen the dollar and pop a bubble (if there is one) in energy costs?

Scenario two thinks not. The dollar has weakened and oil and gas have no alternatives that the consumer can turn to here and now.

For interest rates and energy costs to assume their once lock-step relationship to one another, interest rates need to move higher, because it's unlikely energy prices will descend that rapidly, that soon.

Scenario three is the true puzzle at this stage. If higher energy costs exert enough pressure to bring about a prolonged slowdown, then we could be in for a lengthy bout of rates at today's levels due to an economy without any traction.

(We attribute the picture we just painted to an insightful column that appeared in a recent edition of the *Financial Times* of London.)

Should the current circumstances not abate somewhat, we sense a rise in COD deliveries is in the offing. ☞

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