

2019 ENERGY INDUSTRY SURVEY RESULTS

COMPANIES
2-5 MILLION RESIDENTIAL
GALLONS SOLD

GRAY GRAY & GRAY®
CERTIFIED PUBLIC ACCOUNTANTS | ADVISORS
BEYOND THE NUMBERS

OIL & ENERGY

FuelExchange 
FuelExchange, LLC
An Affiliate of Gray, Gray & Gray, LLP
Merger & Acquisition Service

Gray, Gray & Gray Energy Survey Results 2019 - 2-5 million gallons

Are you a family-owned business?	100% - Yes	0% - No
- If "Yes," how many generations?		3
Total number of employees:		26
Are your employees unionized?	0% - Yes	100% - No
Number of service technicians (full-time equivalent):		7
Number of delivery drivers (full-time equivalent):		6
Do you own a bulk plant?	85% - Yes	15% - No
- Capacity of your largest bulk plant for fuel oil?	102,500 gallons	
- Capacity of your largest bulk plant for propane?	52,850 gallons	
What is the average HOURLY rate you pay:		
Delivery Drivers	\$23.00 per hour	
Dispatchers	\$26.00 per hour	
Customer Service Representatives	\$20.00 per hour	
Accounts Payable/Receivable Staff	\$24.00 per hour	
Service Technicians	\$27.00 per hour	
Service Manager	\$35.00 per hour	
Controller/Accounting Manager	\$34.00 per hour	
How do you compensate Sales People?		
60% - Straight salary (Avg. amount: \$75,833)		
40% - Salary plus commission (Avg. amount: \$76,450)		
0% - Commission only		
If you use a fleet management software program, which one do you use?		
75% - Blue Cow Ignite Mobile		
25% - Digital Dispatcher		
Which fuel management software program do you use?		
75% - Blue Cow	25% - Other	
Which accounting ledger system do you use?		
76% - QuickBooks	8% - Great Plains	
8% - Sage Intacct	8% - Other	

Are you considering any of the following (check all applicable):

54% - Acquiring a company	31% - Developing a new bulk plant
31% - Selling your company	15% - Upgrading a bulk plant
39% - Transitioning to the next generation	8% - Converting to S Corporation
31% - Conducting a business valuation	8% - Converting to flat rate billing
0% - Refinancing	8% - Merging into a joint venture
15% - Retiring	

How do you intend to exit the business?

67% - Transition to the next generation
33% - Sell to an outside party

How many active fuel customers did you have as of Mar. 31, 2019?

(Note: An active customer is defined as having received a delivery within the last 18 months.)

Fuel Oil - Full Service Residential:	2,413
Fuel Oil - On-Demand Residential (COD, will-call):	1,004
Fuel Oil - Commercial:	133
Propane - Full Service Residential:	1,564
Propane - On-Demand Residential (COD, will-call):	939
Propane - Commercial:	159
Other:	385

How do you see each segment of your fuel business changing in the next three years?

Fuel Oil - Full Service Residential:	16% - Increasing	42% - Decreasing	42% - Same
Fuel Oil - On-Demand Residential:	50% - Increasing	17% - Decreasing	33% - Same
Fuel Oil - Commercial:	0% - Increasing	64% - Decreasing	36% - Same
Propane - Full Service Residential:	91% - Increasing	9% - Decreasing	0% - Same
Propane - On-Demand Residential:	64% - Increasing	9% - Decreasing	27% - Same
Propane - Commercial:	30% - Increasing	0% - Decreasing	70% - Same
Other:	0% - Increasing	0% - Decreasing	100% - Same

How many gallons of fuel did you sell during the heating season that just ended?

Fuel Oil - Full Service Residential:	1,998,706
Fuel Oil - On-Demand Residential (COD, will-call):	558,066
Fuel Oil - Commercial:	159,531
Propane - Full Service Residential:	967,310
Propane - On-Demand Residential (COD, will-call):	690,801
Propane - Commercial:	143,214
Kerosene:	78,451
Gasoline:	50,000
Diesel:	606,297
Biofuel:	2,800,000

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What was your average margin for fuel sales during the heating season that just ended?

Fuel Oil - Full Service Residential:	\$0.78 per gallon
Fuel Oil - On-Demand Residential:	\$0.73 per gallon
Fuel Oil - Commercial:	\$0.49 per gallon
Propane - Full Service Residential:	\$1.34 per gallon
Propane - On-Demand Residential:	\$1.51 per gallon
Propane - Commerical	\$0.66 per gallon
Kerosene:	\$0.91 per gallon
Gasoline:	\$0.35 per gallon
Diesel:	\$0.43 per gallon

How has the change in oil prices affected your business?

38% - Better margins 31% - Lower margins 31% - No effect

In comparison to this time in 2018, has your customer list:

62% - Increased 15% - Decreased 23% - Remained the same

To what do you attribute the gain or loss of customers?

- 46% - Gained due to better or more effective marketing
- 0% - Gained due to an acquisition
- 38% - Gained due to better use of the internet or e-commerce
- 31% - Gained due to other
- 0% - Lost to competitor with similar pricing
- 23% - Lost to competitor with lower prices
- 31% - Lost to gas conversion
- 8% - Lost due to other
- 23% - Other

Please provide percentages for the following sources of new customers (between 4/1/18 and 3/31/19):

- 13% - Sales team
- 21% - Customer referrals
- 17% - Traditional advertising (print, radio, tv, direct mail, etc.)
- 19% - Digital marketing (email, pay-per-click, social media, website, etc.)
- 13% - E-Commerce customer platform
- 9% - Real estate agents
- 8% - Other

Which of the following do you offer to RETAIL customers?

- | | |
|--------------------------------------|-----------------------------------|
| 92% - Fixed pricing | 54% - Tank monitoring system |
| 85% - Price cap | 62% - Tank protection plans |
| 100% - Budget plan | 85% - Equipment service |
| 77% - Service contracts | 85% - Heating system service |
| 15% - Free oil for new customers | 85% - Heating system installation |
| 15% - Free service for new customers | 92% - Prompt Pay Discount |
| 8% - Temperature monitoring | 69% - Online ordering |

What percentage of receivables fall into each date range?

25% - Less than 30 days	25% - 60-90 days
25% - 30-60 days	25% - Over 90 days

Do you use a third party for receivables collection? 23% - Yes 77% - No

What percentage of active customers use a budget plan? 25%

What percentage of active customers use a price protection plan? 28%

Do you charge retail customers for price protection?

11% - Yes - For Fixed Price	\$0.13 per gallon
56% - Yes - For Cap Price	\$0.19 per gallon
33% - Yes - For Down Side	\$0.21 per gallon
52% - No fee	

How many deliveries did your drivers make in the last 12 months? 26,130

What is your average RESIDENTIAL drop (gallons per stop)? 175 gal.

What is the average renewal price you charge for a service contract? \$255

How many PAID service contracts do you have? 1,319

What is the average HOURLY labor rate you charge for service:

Oil Service:	\$107.00 per hour
Propane Service:	\$104.00 per hour
Air Conditioning:	\$123.00 per hour
Plumbing:	\$119.00 per hour
Pipeline Gas:	\$125.00 per hour

How many total service calls were made last year? 4,313

What is the average number of years an account has been a customer? 11 years

Have you acquired another company in the past three years?

23% - Yes-Retained gallons 8% - Yes-Cash at closing 69% - No

Are you planning to add alternative sources of revenue?

	Already Offer	Plan to Add
Service Gas Equipment:	62%	0%
Sell Propane:	77%	0%
A/C Installation & Service:	77%	0%
Plumbing Services:	8%	8%
Solar Installations:	0%	0%
Energy Efficiency Services:	0%	8%
Other	0%	0%

Gray, Gray & Gray is the nation's premier accounting firm for the energy industry. No other accounting or consulting firm has such intimate experience and expertise in the field. We serve the tax, accounting and business management needs of some of the leading fuel oil and propane dealers in the country.

More than any other accounting firm, the name Gray, Gray & Gray is solidly linked to success in the energy business. What can we deliver to you that your current accountant is missing?

Among our exclusive services for the energy industry are:

- **Annual Survey** – Annual “snapshot” of the industry to assist energy companies with benchmarking and strategic business planning
- **FuelExchange™** – Merger & acquisition service for the propane and fuel oil industry
- **Accounting Systems** – Enterprise and cloud-based accounting and financial management systems
- **Business Planning** – Formulate business plans and advise on key management decisions
- **Succession Planning** – Assistance with generational transfer or business sale
- **Valuations** – Industry-specific calculations of business value
- **GrayPay™** – Bill paying service

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