

# 2010 Oilheat Survey Results



CERTIFIED PUBLIC ACCOUNTANTS  
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Merger & Acquisition Service

# Gray, Gray & Gray Oilheat Survey Results 2010 - Overall

In what state does your company primarily do business?

|     |               |     |              |
|-----|---------------|-----|--------------|
| 24% | Massachusetts | 25% | Pennsylvania |
| 11% | New York      | 10% | Connecticut  |
| 10% | Maine         | 5%  | New Jersey   |
| 3%  | New Hampshire | 5%  | Maryland     |
| 3%  | Vermont       | 3%  | Rhode Island |
| 1%  | Virginia      |     |              |

Total number of employees: 22

Number of service technicians (full-time equivalent) 7

Number of delivery drivers (full-time equivalent) 5

Are your employees unionized? Yes 3%  
No 97%

Which of the following employee benefits do you offer?

|     |   |
|-----|---|
| 44% | Group Life Insurance                          |
| 37% | Group Disability Insurance                    |
| 67% | Retirement Plan (401k)                        |
| 27% | Pre-Tax Benefit Package (Sec. 125 Plan)       |
| 70% | Paid Sick Days                                |
| 11% | FSA (Flexible Spending Account)               |
| 12% | HRA (Health Reimbursement Account)            |
| 42% | Incentive pay/bonuses                         |
| 43% | Dental Plan                                   |
| 84% | Group Health Plan (Percent company paid: 78%) |

What is the average HOURLY rate you pay your Delivery Drivers?  
\$18.00 per hour

What is the average HOURLY rate you pay your Dispatchers?  
\$17.00 per hour

What is the average HOURLY rate you pay your Service Technicians?  
\$21.00 per hour

What is the average HOURLY rate you pay your Service Manager?  
\$26.00 per hour

Are you considering any of the following?

|     |   |
|-----|---|
| 23% | Acquiring another company                   |
| 30% | Selling your company                        |
| 37% | Transitioning to the next family generation |
| 7%  | Conducting a business valuation             |
| 8%  | Developing a bulk plant                     |
| 15% | Upgrading an existing bulk plant            |
| 7%  | Refinancing                                 |
| 17% | Retiring                                    |
| 4%  | Converting to an S Corporation              |
| 22% | Expanding product lines                     |
| 6%  | Converting to flat rate billing for service |

How many fuel customers do you have?

|                                |       |
|--------------------------------|-------|
| Retail/Residential Heating Oil | 3,052 |
| Commercial Heating Oil         | 274   |
| Propane                        | 2,791 |

In comparison to April, 2009, has your customer list:  
Increased 29%  
Decreased 41%  
Remained the same 30%

If your customer list decreased since April 2009, why?  
Lost to competitor with similar pricing 17%  
Lost to discounter 83%  
Lost to gas conversion 61%

How many gallons of fuel did you sell during the heating season just ended?  
Retail/Residential Heating Oil 1,985,759  
Commercial Heating Oil 376,695  
Propane 1,592,418

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

|                                |                   |
|--------------------------------|-------------------|
| Retail/Residential Heating Oil | \$0.58 per gallon |
| Commercial Heating Oil         | \$0.38 per gallon |
| Propane                        | \$1.04 per gallon |

Which of the following do you offer to RETAIL customers?

|     |  |
|-----|--|
| 47% | Fixed pricing                            |
| 38% | Price cap                                |
| 91% | Budget payment plan                      |
| 61% | Service contracts                        |
| 17% | Free oil for new customers (oil coupons) |
| 17% | Free service for new customers           |
| 11% | Tank monitoring system                   |
| 40% | Tank protection plans                    |
| 45% | Central air conditioning                 |
| 15% | Plumbing service                         |
| 77% | Heating equipment service                |
| 76% | Heating system installation              |
| 23% | On-line ordering                         |

Do you charge RETAIL customers a fee for a price protection plan?

|     |                                      |                              |
|-----|--------------------------------------|------------------------------|
| 6%  | Yes - for fixed price                | 25¢ per gal. or fee of \$118 |
| 26% | Yes - for cap price                  | 29¢ per gal. or fee of \$150 |
| 16% | Yes - for down side                  | 27¢ per gal. or fee of \$117 |
| 19% | No fee                               |                              |
| 40% | Do not offer a price protection plan |                              |

Do your price protection plans offer customers a buyout option?

|     |     |                  |
|-----|-----|------------------|
| 28% | Yes | \$328 fee (avg.) |
| 72% | No  |                  |

Will you offer RETAIL customers price protection plans next year?

|     |          |
|-----|----------|
| 44% | Yes      |
| 35% | No       |
| 21% | Not sure |

What percentage of your price protection programs did you hedge?

64%

What is your average RESIDENTIAL drop (gallons delivered per stop)?

156 gallons

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

\$210

How many PAID service contracts do you have?

1,346

How many total service calls were made last year?

4,255

How many installations did you complete last year?

109

Have you completed a merger or acquisition in the past 3 years?

|     |     |
|-----|-----|
| 11% | Yes |
| 89% | No  |

If "Yes," what percentage of customers did you retain?

|                          |     |
|--------------------------|-----|
| 12-month retention rate: | 89% |
| 24-month retention rate: | 83% |
| 36-month retention rate: | 76% |

If "Yes," did you change the gross margin on your new customers to be in line with your existing customers?

|     |                      |
|-----|----------------------|
| 73% | Yes, Increased       |
| 0%  | Yes, Decreased       |
| 27% | No, Kept it the same |

# Gray, Gray & Gray Oilheat Survey Results 2010 - Northeast Region

|  |                  |
|--|------------------|
| Total number of employees:                           | 18               |
| Number of service technicians (full-time equivalent) | 6                |
| Number of delivery drivers (full-time equivalent)    | 4                |
| Are your employees unionized?                        | Yes 5%<br>No 95% |

|  |   |
|--|---|
| Which of the following employee benefits do you offer? |   |
| 38%  | Group Life Insurance                          |
| 35%  | Group Disability Insurance                    |
| 66%  | Retirement Plan (401k)                        |
| 26%  | Pre-Tax Benefit Package (Sec. 125 Plan)       |
| 77%  | Paid Sick Days                                |
| 9%   | FSA (Flexible Spending Account)               |
| 15%  | HRA (Health Reimbursement Account)            |
| 45%  | Incentive pay/bonuses                         |
| 40%  | Dental Plan                                   |
| 86%  | Group Health Plan (Percent company paid: 76%) |

What is the average HOURLY rate you pay your Delivery Drivers?  
\$19.00 per hour

What is the average HOURLY rate you pay your Dispatchers?  
\$17.00 per hour

What is the average HOURLY rate you pay your Service Technicians?  
\$22.00 per hour

What is the average HOURLY rate you pay your Service Manager?  
\$27.00 per hour

|   |   |
|---|---|
| Are you considering any of the following? |   |
| 25%                                       | Acquiring another company                   |
| 17%                                       | Selling your company                        |
| 45%                                       | Transitioning to the next family generation |
| 8%  | Conducting a business valuation             |
| 8%  | Developing a bulk plant                     |
| 14%                                       | Upgrading an existing bulk plant            |
| 8%  | Refinancing                                 |
| 14%                                       | Retiring                                    |
| 2%  | Converting to an S Corporation              |
| 28%                                       | Expanding product lines                     |
| 6%  | Converting to flat rate billing for service |

|                                      |       |
|--------------------------------------|-------|
| How many fuel customers do you have? |       |
| Retail/Residential Heating Oil       | 2,547 |
| Commercial Heating Oil               | 175   |
| Propane                              | 2,979 |

|   |     |
|---|-----|
| In comparison to April, 2009, has your customer list: |     |
| Increased   | 23% |
| Decreased   | 42% |
| Remained the same                                     | 34% |

|  |     |
|--|-----|
| If your customer list decreased since April 2009, why? |     |
| Lost to competitor with similar pricing                | 19% |
| Lost to discounter                                     | 81% |
| Lost to gas conversion                                 | 59% |

|   |           |
|---|-----------|
| How many gallons of fuel did you sell during the heating season just ended? |           |
| Retail/Residential Heating Oil  | 1,825,291 |
| Commercial Heating Oil  | 252,909   |
| Propane   | 2,061,806 |

|  |                   |
|--|-------------------|
| What was your average TARGETED margin for fuel sales during the heating season just ended? |                   |
| Retail/Residential Heating Oil   | \$0.59 per gallon |
| Commercial Heating Oil   | \$0.38 per gallon |
| Propane  | \$1.15 per gallon |

|  |  |
|--|--|
| Which of the following do you offer to RETAIL customers? |  |
| 54%  | Fixed pricing                            |
| 38%  | Price cap                                |
| 89%  | Budget payment plan                      |
| 68%  | Service contracts                        |
| 14%  | Free oil for new customers (oil coupons) |
| 23%  | Free service for new customers           |
| 12%  | Tank monitoring system                   |
| 43%  | Tank protection plans                    |
| 45%  | Central air conditioning                 |
| 17%  | Plumbing service                         |
| 83%  | Heating equipment service                |
| 85%  | Heating system installation              |
| 22%  | On-line ordering                         |

|   |                                      |                              |
|---|--------------------------------------|------------------------------|
| Do you charge RETAIL customers a fee for a price protection plan? |                                      |                              |
| 8%  | Yes - for fixed price                | 30¢ per gal. or fee of \$118 |
| 25%   | Yes - for cap price                  | 27¢ per gal. or fee of \$157 |
| 23%   | Yes - for down side                  | 27¢ per gal. or fee of \$117 |
| 18%   | No fee                               |                              |
| 37%   | Do not offer a price protection plan |                              |

|   |     |                  |
|---|-----|------------------|
| Do your price protection plans offer customers a buyout option? |     |                  |
| 26%   | Yes | \$500 fee (avg.) |
| 74%   | No  |                  |

|   |          |
|---|----------|
| Will you offer RETAIL customers price protection plans next year? |          |
| 54%   | Yes      |
| 31%   | No       |
| 15%   | Not sure |

What percentage of your price protection programs did you hedge?  
64%

What is your average RESIDENTIAL drop (gallons delivered per stop)?  
151 gallons

What is the average renewal price you charge for a service contract?  
\$209

How many PAID service contracts do you have?  
1,081

How many total service calls were made last year?  
3,440

How many installations did you complete last year?  
91

|   |     |
|---|-----|
| Have you completed a merger or acquisition in the past 3 years? |     |
| 10%   | Yes |
| 90%   | No  |

If "Yes," what percentage of customers did you retain?  
12-month retention rate: 85%  
24-month retention rate: 70%  
36-month retention rate: 60%

|   |                      |
|---|----------------------|
| If "Yes," did you change the gross margin on your new customers to be in line with your existing customers? |                      |
| 50%   | Yes, Increased       |
| 0%  | Yes, Decreased       |
| 50%   | No, Kept it the same |

# Gray, Gray & Gray Oilheat Survey Results 2010 - Mid-Atlantic Region

|  |         |
|--|---------|
| Total number of employees:                           | 29      |
| Number of service technicians (full-time equivalent) | 9       |
| Number of delivery drivers (full-time equivalent)    | 7       |
| Are your employees unionized?                        | Yes 0%  |
|  | No 100% |

|  |   |
|--|---|
| Which of the following employee benefits do you offer? |   |
| 53%  | Group Life Insurance                          |
| 39%  | Group Disability Insurance                    |
| 69%  | Retirement Plan (401k)                        |
| 28%  | Pre-Tax Benefit Package (Sec. 125 Plan)       |
| 58%  | Paid Sick Days                                |
| 14%  | FSA (Flexible Spending Account)               |
| 6%   | HRA (Health Reimbursement Account)            |
| 36%  | Incentive pay/bonuses                         |
| 47%  | Dental Plan                                   |
| 81%  | Group Health Plan (Percent company paid: 80%) |

What is the average HOURLY rate you pay your Delivery Drivers?  
\$17.00 per hour

What is the average HOURLY rate you pay your Dispatchers?  
\$17.00 per hour

What is the average HOURLY rate you pay your Service Technicians?  
\$19.00 per hour

What is the average HOURLY rate you pay your Service Manager?  
\$24.00 per hour

|   |   |
|---|---|
| Are you considering any of the following? |   |
| 19%                                       | Acquiring another company                   |
| 25%                                       | Selling your company                        |
| 22%                                       | Transitioning to the next family generation |
| 6%  | Conducting a business valuation             |
| 8%  | Developing a bulk plant                     |
| 17%                                       | Upgrading an existing bulk plant            |
| 6%  | Refinancing                                 |
| 22%                                       | Retiring                                    |
| 8%  | Converting to an S Corporation              |
| 11%                                       | Expanding product lines                     |
| 6%  | Converting to flat rate billing for service |

|                                      |       |
|--------------------------------------|-------|
| How many fuel customers do you have? |       |
| Retail/Residential Heating Oil       | 3,894 |
| Commercial Heating Oil               | 432   |
| Propane                              | 2,569 |

|   |     |
|---|-----|
| In comparison to April, 2009, has your customer list: |     |
| Increased   | 36% |
| Decreased   | 39% |
| Remained the same                                     | 22% |

|  |     |
|--|-----|
| If your customer list decreased since April 2009, why? |     |
| Lost to competitor with similar pricing                | 14% |
| Lost to discounter                                     | 86% |
| Lost to gas conversion                                 | 64% |

|   |           |
|---|-----------|
| How many gallons of fuel did you sell during the heating season just ended? |           |
| Retail/Residential Heating Oil  | 2,286,637 |
| Commercial Heating Oil  | 594,558   |
| Propane   | 1,169,968 |

|  |                   |
|--|-------------------|
| What was your average TARGETED margin for fuel sales during the heating season just ended? |                   |
| Retail/Residential Heating Oil   | \$0.57 per gallon |
| Commercial Heating Oil   | \$0.38 per gallon |
| Propane  | \$0.93 per gallon |

|  |  |
|--|--|
| Which of the following do you offer to RETAIL customers? |  |
| 33%  | Fixed pricing                            |
| 36%  | Price cap                                |
| 94%  | Budget payment plan                      |
| 50%  | Service contracts                        |
| 22%  | Free oil for new customers (oil coupons) |
| 6%   | Free service for new customers           |
| 8%   | Tank monitoring system                   |
| 33%  | Tank protection plans                    |
| 44%  | Central air conditioning                 |
| 11%  | Plumbing service                         |
| 67%  | Heating equipment service                |
| 61%  | Heating system installation              |
| 25%  | On-line ordering                         |

|   |                                      |                              |
|---|--------------------------------------|------------------------------|
| Do you charge RETAIL customers a fee for a price protection plan? |                                      |                              |
| 3%  | Yes - for fixed price                | 20¢ per gal. or fee n/a      |
| 28%   | Yes - for cap price                  | 33¢ per gal. or fee of \$141 |
| 3%  | Yes - for down side                  | n/a per gal. or fee of n/a   |
| 19%   | No fee                               |                              |
| 44%   | Do not offer a price protection plan |                              |

|   |     |                  |
|---|-----|------------------|
| Do your price protection plans offer customers a buyout option? |     |                  |
| 32%   | Yes | \$299 fee (avg.) |
| 68%   | No  |                  |

|   |          |
|---|----------|
| Will you offer RETAIL customers price protection plans next year? |          |
| 25%   | Yes      |
| 42%   | No       |
| 33%   | Not sure |

What percentage of your price protection programs did you hedge?  
66%

What is your average RESIDENTIAL drop (gallons delivered per stop)?  
164 gallons

What is the average renewal price you charge for a service contract?  
\$211

How many PAID service contracts do you have?  
1,953

How many total service calls were made last year?  
6,319

How many installations did you complete last year?  
158

|   |     |
|---|-----|
| Have you completed a merger or acquisition in the past 3 years? |     |
| 15%   | Yes |
| 85%   | No  |

|  |     |
|--|-----|
| If "Yes," what percentage of customers did you retain? |     |
| 12-month retention rate:                               | 92% |
| 24-month retention rate:                               | 89% |
| 36-month retention rate:                               | 84% |

|   |                      |
|---|----------------------|
| If "Yes," did you change the gross margin on your new customers to be in line with your existing customers? |                      |
| 100%  | Yes, Increased       |
| 0%  | Yes, Decreased       |
| 0%  | No, Kept it the same |