

Going Beyond the Numbers.

2014 Oilheat Survey Results

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BEYOND THE NUMBERS

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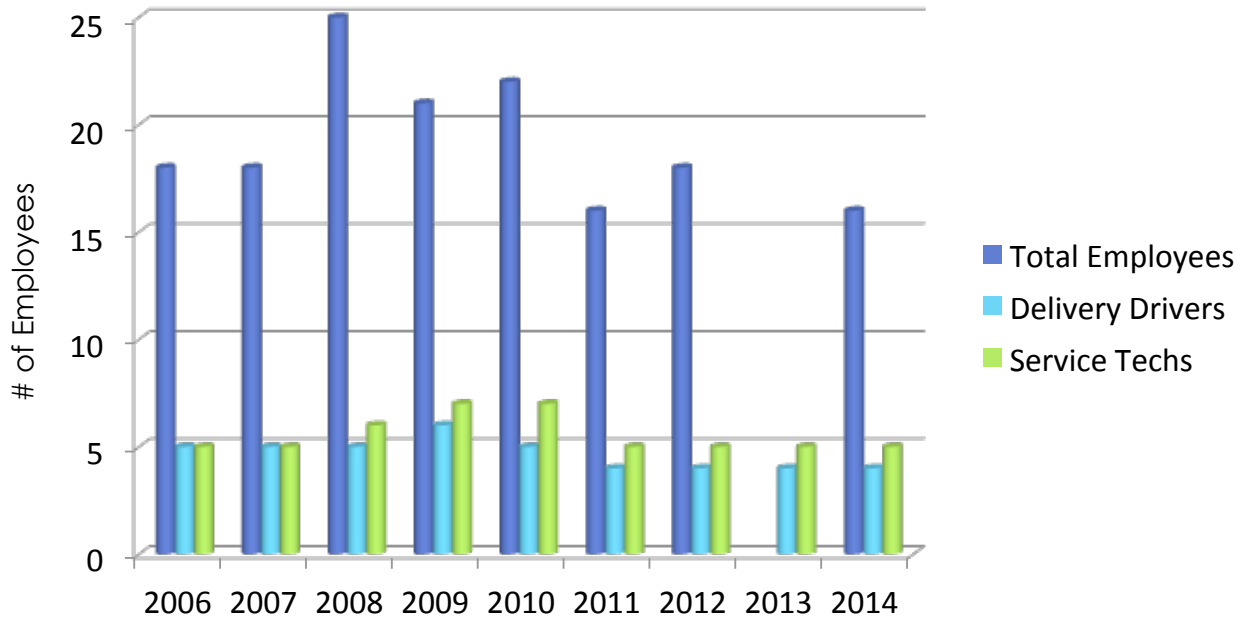


FuelExchange
FuelExchange, LLC
An Affiliate of Gray, Gray & Gray, LLP

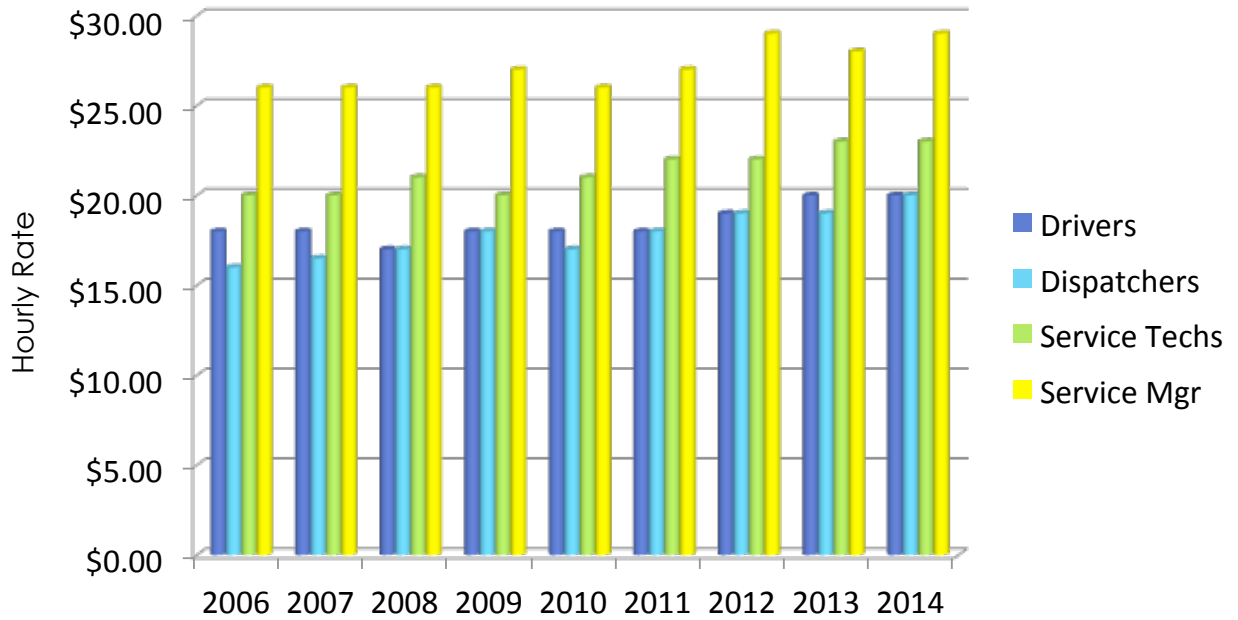
Merger & Acquisition Service

SELECTED 9-YEAR TRENDS

STAFFING



PAYROLL

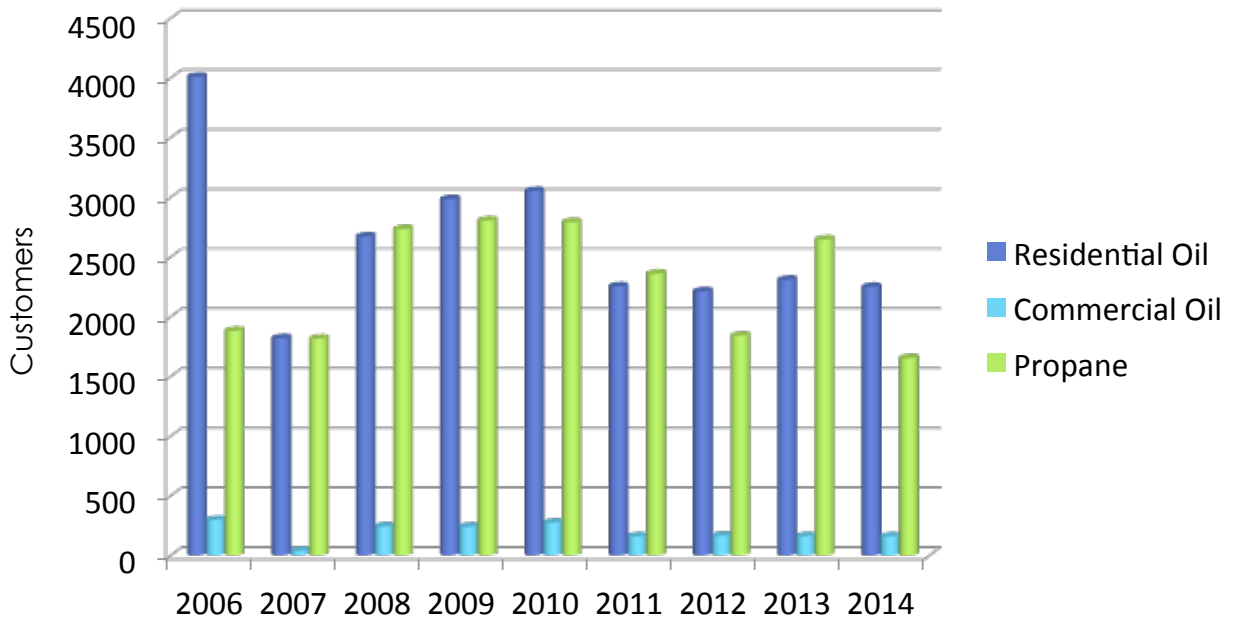


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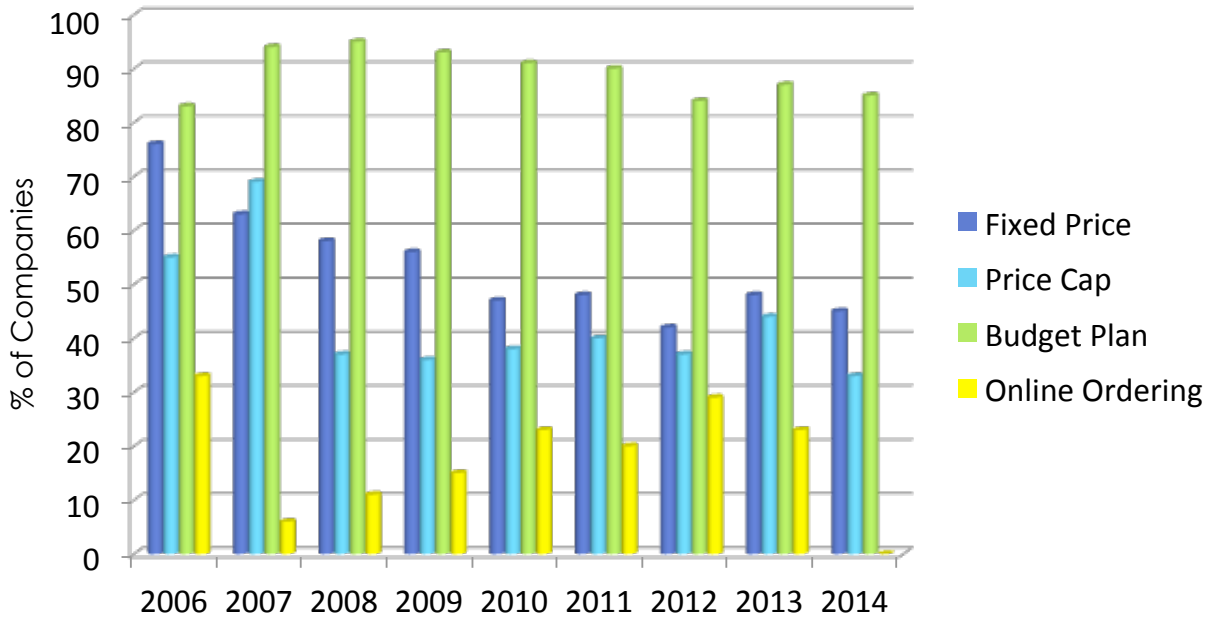
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SELECTED 9-YEAR TRENDS

NUMBER OF CUSTOMERS



PRICING PROGRAM OFFERED

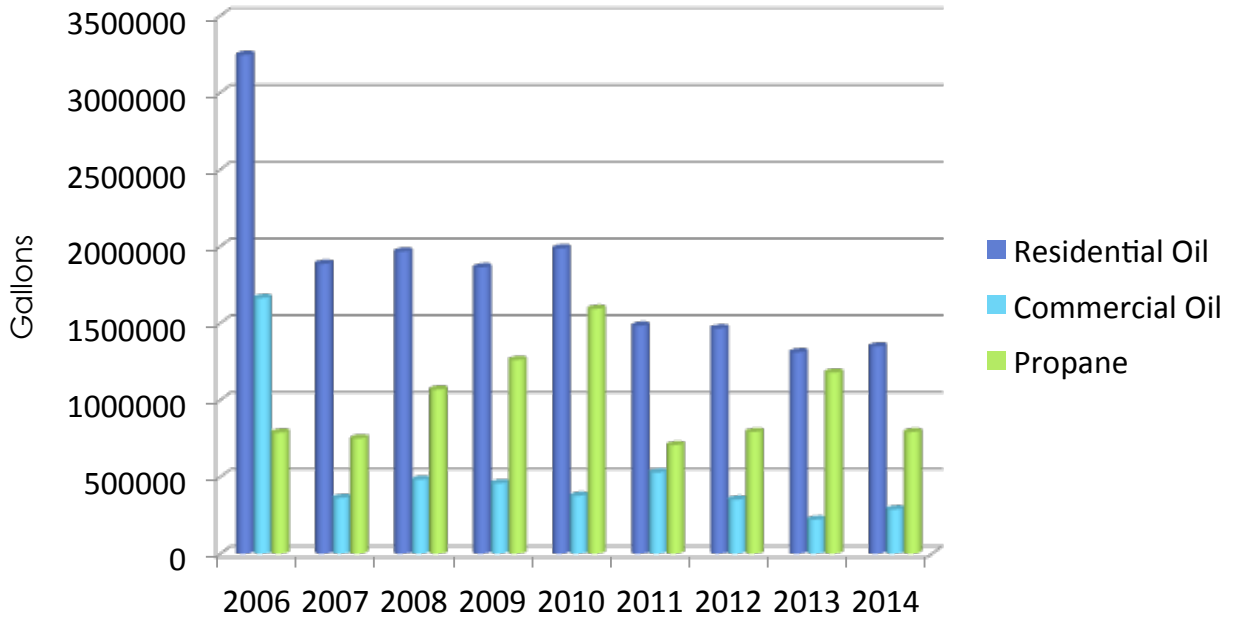


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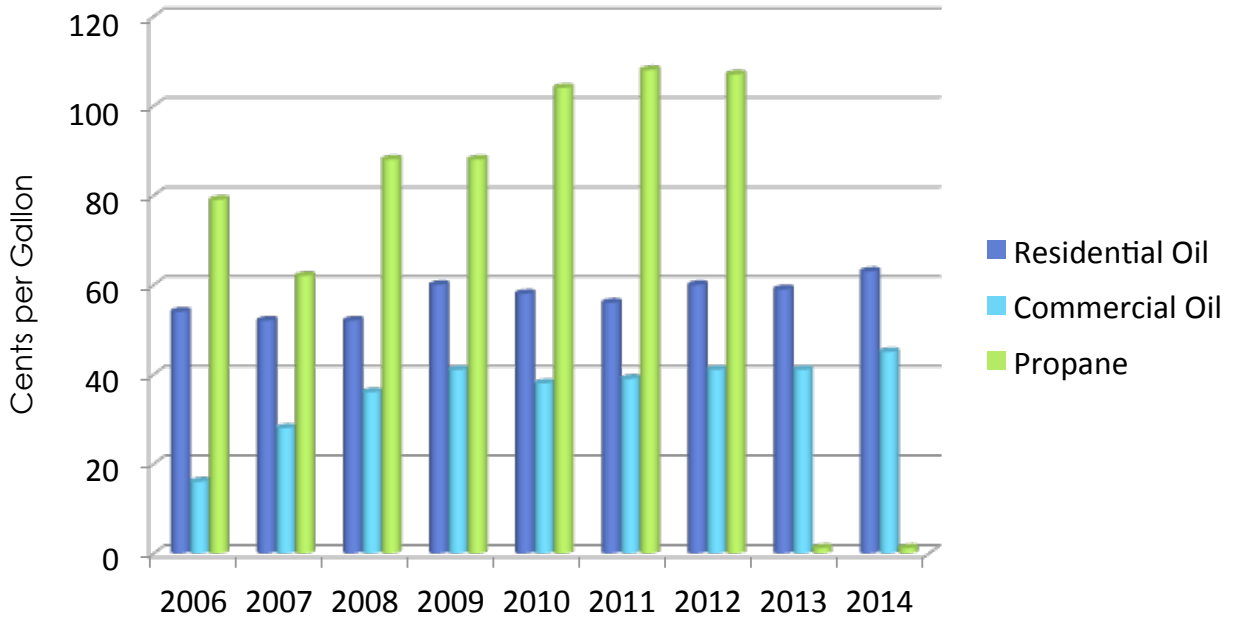
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SELECTED 9-YEAR TRENDS

GALLONS SOLD



TARGETED MARGIN



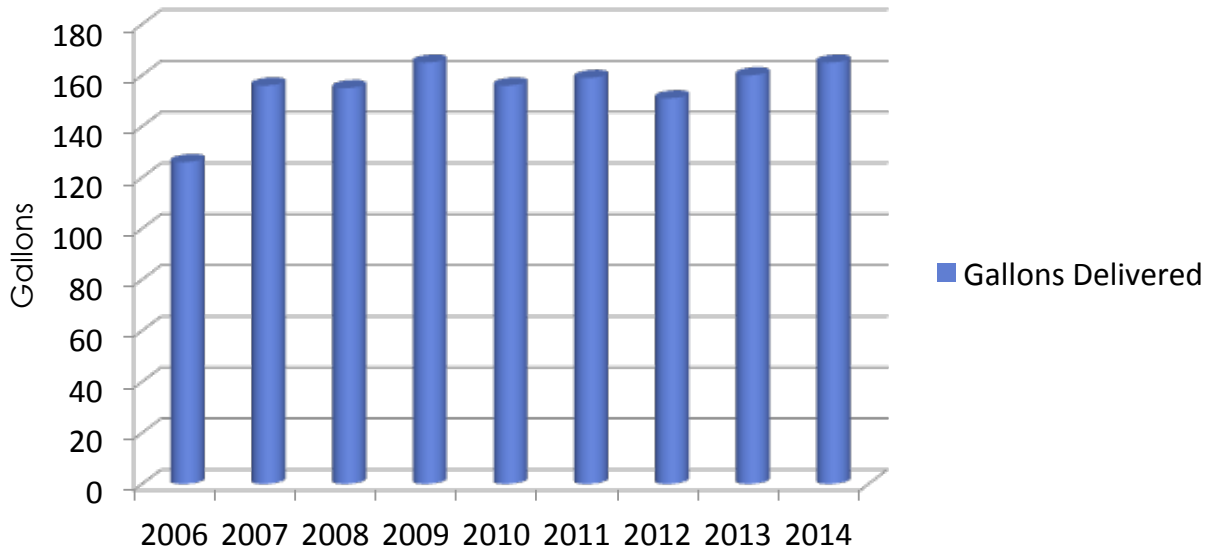
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SELECTED 9-YEAR TRENDS

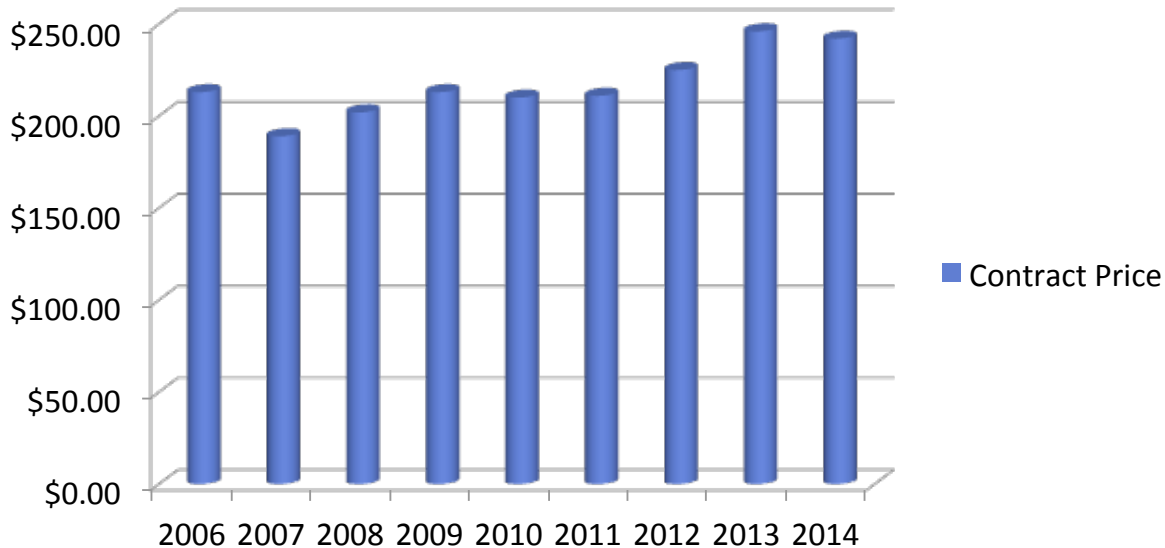
AVERAGE RESIDENTIAL DROP

Gallons Delivered



SERVICE CONTRACT PRICING

Contract Price



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Gray, Gray & Gray Oilheat Survey Results 2014 - Overall

In what state does your company primarily do business?

23%	Massachusetts	29%	Pennsylvania
13%	New York	13%	Connecticut
5%	Maine	3%	New Jersey
10%	New Hampshire	1%	Maryland
1%	Vermont	5%	Rhode Island
2%	Virginia	2%	Delaware

Total number of employees: 16

Number of service technicians (full-time equivalent): 5

Number of delivery drivers (full-time equivalent): 4

What is the average HOURLY rate you pay:

Delivery Drivers	\$20.00 per hour
Dispatchers	\$20.00 per hour
Customer Service Representatives	\$17.00 per hour
Accounts Payable/Receivable staff	\$19.00 per hour
Service Technicians	\$23.00 per hour
Service Manager	\$29.00 per hour

How do you compensate Sales People?

- 21% - Straight salary (Avg. amount: \$54,507)
- 20% - Salary plus commission (Avg. percentage: 8%)
- 0% - Commission only

What will your approach be to meeting the health care mandates of The Patient Protection and Affordable Care Act?

- 61% - Continue offering our current health coverage
- 1% - Change health insurance plans
- 1% - Drop health insurance altogether
- 37% - We have under 50 full-time employees and are not affected by health care mandates

Are you considering any of the following?

- 28% - Acquire another company
- 22% - Sell your company
- 19% - Transition to the next generation of family
- 9% - Conduct a business valuation
- NA - Refinance
- 8% - Develop a bulk plant
- 10% - Upgrade an existing bulk plant
- 2% - Converting to an S Corporation
- 8% - Converting to flat rate billing for service
- 13% - Retire

How many fuel customers do you have?

Retail/Residential Heating Oil:	2,249
Commercial Heating Oil:	160
Propane:	1,653

In comparison to this time in 2013, has your customer list:

- 48% - Increased
- 24% - Decreased
- 28% - Same

To what do you attribute the gain or loss of customers since April 2013?

- 12% - Gained to increased advertising
- 2% - Gained due to acquisition
- 39% - Gained due to other reason
- 2% - Lost to competitor with similar pricing
- 12% - Lost to discounter
- 32% - Lost to gas conversion
- 8% - Lost due to other reason

In the past year do you think gas competition/conversion has:

- 69% - Increased
- 5% - Decreased
- 26% - Same

In what range do your current receivables fall?

- 37% - Less than 30 days
- 53% - 30-60 days
- 7% - 60-90 days
- 3% - Over 90 days

Do you have a bank line of credit?

75% - Yes 25% - No Total line (from all banks): \$1,046,418

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

Retail/Residential Heating Oil:	1,347,807
Commercial Heating Oil:	287,950
Propane:	790,920
Kerosene:	105,190
Gasoline:	994,100
Diesel:	700,500

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

Retail/Residential Heating Oil:	\$0.63 per gallon
Commercial Heating Oil:	\$0.45 per gallon
Propane:	\$1.16 per gallon
Kerosene:	\$0.63 per gallon
Gasoline:	\$0.24 per gallon
Diesel:	\$0.39 per gallon

Which of the following do you offer to RETAIL customers?

- 45% - Fixed pricing
- 33% - Price cap
- 85% - Budget payment plan
- 55% - Service contracts
- 7% - Free oil for new customers (oil coupons)
- 8% - Free service for new customers
- 18% - Temperature monitoring device/alarm
- 11% - Tank monitoring system
- 31% - Tank protection plans
- 79% - Heating equipment service
- 78% - Heating system installation

Do you charge retail customers for price protection?

- 6% - Yes - For Fixed Price \$0.25 per gal. - \$44 avg. fee
- 25% - Yes - For Cap Price \$0.26 per gal. - \$129 avg. fee
- 5% - Yes - For Down Side \$0.27 per gal.
- 64% - Do not offer a price protection plan

Do your price protection plans offer a buyout option?

- 16% - Yes - Fixed amount \$392 avg.
- 43% - No

Will you offer price protection plans next year?

- 44% - Yes
- 43% - No
- 13% - Not sure

If you hedge your price protection programs, what percentage do you hedge? 84%

What is your average RESIDENTIAL drop (gallons delivered per stop)? 165

What is the average renewal price you charge for a service contract? \$242

How many PAID service contracts do you have? 1,150

How many service calls were made last year? 2,979

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

- 8% - Retained gallons
- 8% - Cash at closing
- 84% - No

Do you have or are you planning to add alternative sources of revenue?

	Already Offer	Plan to Add
Service Gas Equipment	36%	6%
Sell Propane	25%	1%
Sell Electricity	8%	1%
A/C Installation & Service	50%	2%
Plumbing Services	15%	0%
Solar Installations	6%	1%
Home Security Services	1%	3%
Other	4%	2%

Gray, Gray & Gray Oilheat Survey Results 2014 - Northeast Region

Total number of employees: 14
 Number of service technicians (full-time equivalent): 5
 Number of delivery drivers (full-time equivalent): 4
 What is the average HOURLY rate you pay:
 Delivery Drivers \$21.00 per hour
 Dispatchers \$21.00 per hour
 Customer Service Representatives \$17.00 per hour
 Accounts Payable/Receivable staff \$19.00 per hour
 Service Technicians \$24.00 per hour
 Service Manager \$30.00 per hour

How do you compensate Sales People?
 18% - Straight salary (Avg. amount: \$55,554)
 18% - Salary plus commission (Avg. percentage: 7%)
 0% - Commission only

What will your approach be to meeting the health care mandates of The Patient Protection and Affordable Care Act?
 63% - Continue offering our current health coverage
 1% - Change health insurance plans
 1% - Drop health insurance altogether
 35% - We have under 50 full-time employees and are not affected by health care mandates

Are you considering any of the following?
 34% - Acquire another company
 25% - Sell your company
 22% - Transition to the next generation of family
 13% - Conduct a business valuation
 0% - Refinance
 6% - Develop a bulk plant
 10% - Upgrade an existing bulk plant
 3% - Converting to an S Corporation
 9% - Converting to flat rate billing for service
 12% - Retire

How many fuel customers do you have?
 Retail/Residential Heating Oil: 1,991
 Commercial Heating Oil: 149
 Propane: 1,870

In comparison to this time in 2013, has your customer list:
 51% - Increased 16% - Decreased 33% - Same

To what do you attribute the gain or loss of customers since April 2013?
 21% - Gained to increased advertising
 1% - Gained due to acquisition
 40% - Gained due to other reason
 6% - Lost to competitor with similar pricing
 13% - Lost to discounter
 31% - Lost to gas conversion
 4% - Lost due to other reason

In the past year do you think gas competition/conversion has:
 73% - Increased 3% - Decreased 24% - Same

In what range do your current receivables fall?
 34% - Less than 30 days
 55% - 30-60 days
 8% - 60-90 days
 3% - Over 90 days

Do you have a bank line of credit?
 70% - Yes 30% - No Total line (from all banks): \$817,927

How many gallons of fuel did you sell during the heating season just ending?
 Retail/Residential Heating Oil: 1,459,335
 Commercial Heating Oil: 167,909
 Propane: 859,887
 Kerosene: 131,999
 Gasoline: 739,649
 Diesel: 294,352

What was your average TARGETED margin for fuel sales during the heating season just ending?
 Retail/Residential Heating Oil: \$0.63 per gallon
 Commercial Heating Oil: \$0.45 per gallon
 Propane: \$1.19 per gallon
 Kerosene: \$0.66 per gallon
 Gasoline: \$0.23 per gallon
 Diesel: \$0.42 per gallon

Which of the following do you offer to RETAIL customers?
 46% - Fixed pricing
 34% - Price cap
 85% - Budget payment plan
 54% - Service contracts
 7% - Free oil for new customers (oil coupons)
 10% - Free service for new customers
 22% - Temperature monitoring device/alarm
 12% - Tank monitoring system
 36% - Tank protection plans
 75% - Heating equipment service
 82% - Heating system installation

Do you charge retail customers for price protection?
 3% - Yes - For Fixed Price \$0.25 per gal. - \$23 avg. fee
 24% - Yes - For Cap Price \$0.25 per gal. - \$119 avg. fee
 9% - Yes - For Down Side \$0.27 per gal.
 18% - No fee
 37% - Do not offer a price protection plan

Do your price protection plans offer a buyout option?
 20% - Yes - Fixed amount \$400 avg.
 80% - No

Will you offer price protection plans next year?
 46% - Yes 40% - No 14% - Not sure

If you hedge your price protection programs, what percentage do you hedge?
 93%

What is your average RESIDENTIAL drop (gallons delivered per stop)?
 165

What is the average renewal price you charge for a service contract?
 \$242

How many PAID service contracts do you have?
 899

How many service calls were made last year?
 2,731

Have you completed a merger or acquisition in the past 3 years?
 7% - Retained gallons 7% - Cash at closing 86% - No

Do you have or are you planning to add alternative sources of revenue?

	Already Offer	Plan to Add
Service Gas Equipment	34%	9%
Sell Propane	28%	0%
Sell Electricity	10%	1%
A/C Installation & Service	52%	3%
Plumbing Services	16%	0%
Solar Installations	7%	1%
Home Security Services	1%	1%
Other	1%	1%

Gray, Gray & Gray Oilheat Survey Results 2014 - Mid-Atlantic Region

Total number of employees: 19
 Number of service technicians (full-time equivalent): 5
 Number of delivery drivers (full-time equivalent): 5

What is the average HOURLY rate you pay:

Delivery Drivers	\$19.00 per hour
Dispatchers	\$19.00 per hour
Customer Service Representatives	\$15.00 per hour
Accounts Payable/Receivable staff	\$17.00 per hour
Service Technicians	\$21.00 per hour
Service Manager	\$27.00 per hour

How do you compensate Sales People?

28% - Straight salary (Avg. amount: \$52,520)
 21% - Salary plus commission (Avg. percentage: 9%)
 0% - Commission only

What will your approach be to meeting the health care mandates of The Patient Protection and Affordable Care Act?

60% - Continue offering our current health coverage
 0% - Change health insurance plans
 0% - Drop health insurance altogether
 40% - We have under 50 full-time employees and are not affected by health care mandates

Are you considering any of the following?

18% - Acquire another company
 15% - Sell your company
 13% - Transition to the next generation of family
 3% - Conduct a business valuation
 0% - Refinance
 13% - Develop a bulk plant
 10% - Upgrade an existing bulk plant
 0% - Converting to an S Corporation
 5% - Converting to flat rate billing for service
 15% - Retire

How many fuel customers do you have?

Retail/Residential Heating Oil:	2,713
Commercial Heating Oil:	180
Propane:	1,199

In comparison to this time in 2013, has your customer list:

46% - Increased 35% - Decreased 19% - Same

To what do you attribute the gain or loss of customers since April 2013?

5% - Gained to increased advertising
 3% - Gained due to acquisition
 36% - Gained due to other reason

5% - Lost to competitor with similar pricing
 10% - Lost to discounter
 33% - Lost to gas conversion
 13% - Lost due to other reason

In the past year do you think gas competition/conversion has:

60% - Increased 6% - Decreased 34% - Same

In what range do your current receivables fall?

40% - Less than 30 days
 50% - 30-60 days
 7% - 60-90 days
 3% - Over 90 days

Do you have a bank line of credit?

87% - Yes 13% - No Total line (from all banks): \$1,406,731

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

Retail/Residential Heating Oil:	1,160,382
Commercial Heating Oil:	486,017
Propane:	593,871
Kerosene:	73,914
Gasoline:	1,132,892
Diesel:	1,106,649

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

Retail/Residential Heating Oil:	\$0.63 per gallon
Commercial Heating Oil:	\$0.46 per gallon
Propane:	\$1.12 per gallon
Kerosene:	\$0.59 per gallon
Gasoline:	\$0.25 per gallon
Diesel:	\$0.35 per gallon

Which of the following do you offer to RETAIL customers?

44% - Fixed pricing
 31% - Price cap
 85% - Budget payment plan
 56% - Service contracts
 5% - Free oil for new customers (oil coupons)
 5% - Free service for new customers
 10% - Temperature monitoring device/alarm
 10% - Tank monitoring system
 23% - Tank protection plans
 64% - Heating equipment service
 74% - Heating system installation

Do you charge retail customers for price protection?

8% - Yes - For Fixed Price \$0.25 per gal. - \$65 avg. fee
 26% - Yes - For Cap Price \$0.26 per gal. - \$139 avg. fee
 0% - Yes - For Down Side
 46% - Do not offer a price protection plan

Do your price protection plans offer a buyout option?

11% - Yes - Fixed amount \$383 avg.
 36% - No

Will you offer price protection plans next year?

36% - Yes 44% - No 8% - Not sure

If you hedge your price protection programs, what percentage do you hedge?

64%

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

164

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

\$241

How many PAID service contracts do you have?

1,549

How many service calls were made last year?

3,378

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

8% - Retained gallons 10% - Cash at closing 72% - No

Do you have or are you planning to add alternative sources of revenue?

	Already Offer	Plan to Add
Service Gas Equipment	38%	0%
Sell Propane	21%	3%
Sell Electricity	5%	0%
A/C Installation & Service	46%	0%
Plumbing Services	13%	0%
Solar Installations	3%	0%
Home Security Services	0%	5%
Other	8%	3%