

Gray, Gray & Gray's OILHEAT SURVEY RESULTS 2015

GRAY GRAY & GRAY[®]

CERTIFIED PUBLIC ACCOUNTANTS | ADVISORS

BEYOND THE NUMBERS

Canton | Framingham | Boston

781.407.0300 | www.gggcpas.com


FuelTrack
Gray, Gray & Gray

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

Gray, Gray & Gray Oilheat Survey Results 2015 - Northeast Region

Total number of employees: 22
 Number of service technicians (full-time equivalent): 6
 Number of delivery drivers (full-time equivalent): 5

What is the average HOURLY rate you pay:

Delivery Drivers	\$21.00 per hour
Dispatchers	\$21.00 per hour
Customer Service Representatives	\$18.00 per hour
Accounts Payable/Receivable staff	\$23.00 per hour
Service Technicians	\$24.00 per hour
Service Manager	\$31.00 per hour

How do you compensate Sales People?

17% - Straight salary (Avg. amount: \$52,456)
 21% - Salary plus commission
 5% - Commission only (Avg. percentage: 6%)

Are you considering any of the following?

41% - Acquire another company
 17% - Sell your company
 33% - Transition to the next generation of family
 9% - Conduct a business valuation
 1% - Refinance
 13% - Develop a bulk plant
 14% - Upgrade an existing bulk plant
 3% - Converting to an S Corporation
 10% - Converting to flat rate billing for service
 17% - Retirement

How many fuel customers do you have?

Retail/Residential Heating Oil:	3,026
Commercial Heating Oil:	154
Propane:	2,907

In comparison to this time in 2014, has your customer list:

54% - Increased 22% - Decreased 24% - Same

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

17% - Gained to increased advertising
 5% - Gained due to acquisition
 42% - Gained due to other reasons
(gained from competitor, propane growth, increased sales force, added location, weather)
 5% - Lost to competitor with similar pricing
 9% - Lost to discount
 24% - Lost to gas conversion
 4% - Lost due to other reason
(pellet stoves, propane)

Which of the following do you offer to RETAIL customers?

54% - Fixed pricing
 47% - Price cap
 90% - Budget payment plan
 69% - Service contracts
 8% - Free oil for new customers (oil coupons)
 13% - Free service for new customers
 21% - Temperature monitoring device/alarm
 15% - Tank monitoring system
 47% - Tank protection plans
 86% - Equipment service
 91% - Heating system service
 86% - Heating system installation

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

Retail/Residential Heating Oil:	1,999,513
Commercial Heating Oil:	266,614
Propane:	1,511,067
Kerosene:	128,404
Gasoline:	933,588
Diesel:	512,589

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

Retail/Residential Heating Oil:	\$0.66 per gallon
Commercial Heating Oil:	\$0.42 per gallon
Propane:	\$1.17 per gallon
Kerosene:	\$0.71 per gallon
Gasoline:	\$0.27 per gallon
Diesel:	\$0.39 per gallon

How did the drop in oil prices affect your business?

88% - Better margins
 1% - Lower margins
 11% - No effect

In what range do your current receivables fall?

66% - Less than 30 days
 20% - 30-60 days
 7% - 60-90 days
 8% - Over 90 days

Do you have a bank line of credit?

76% - Yes 24% - No Total line (from all banks): \$785,978

If yes, percentage did you use last year: 35%

What percentage of your customers are on a price protection plan?

24%

Do you charge retail customers for price protection?

6% - Yes - For Fixed Price \$0.12 per gal. - \$99 avg. fee
 31% - Yes - For Cap Price \$0.25 per gal. - \$200 avg. fee
 23% - Yes - For Down Side \$0.26 per gal.
 17% - Do not offer a price protection plan

Did your price protection customers honor their contracts?

95% - Yes 4% - Some (avg. 91%) 1% - No

Do your price protection plans offer a buyout option?

6% - Yes - Fixed amount \$500 avg.
 8% - Yes - Per gallon amount \$0.22 per gal. avg.
 86% - No

Will you offer price protection plans next year?

60% - Yes 24% - No 16% - Not sure

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

88%

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

172

What is your average renewal price for a service contract?

\$250

How many PAID service contracts do you have?

1,146

How many service calls were made last year?

3,007

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

12% - Yes, retained gallons 12% - Yes, cash at closing 76% - No

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

	Already Offer	Plan to Add
Service Gas Equipment	47%	5%
Sell Propane	33%	6%
Sell Electricity	9%	6%
A/C Installation & Service	50%	3%
Plumbing Services	10%	6%
Solar Installations	9%	1%
Home Security Services	4%	4%
Other	5%	4%

Gray, Gray & Gray Oilheat Survey Results 2015 - Mid-Atlantic Region

Total number of employees: 29
 Number of service technicians (full-time equivalent): 6
 Number of delivery drivers (full-time equivalent): 5

What is the average HOURLY rate you pay:

Delivery Drivers	\$19.00 per hour
Dispatchers	\$21.00 per hour
Customer Service Representatives	\$15.00 per hour
Accounts Payable/Receivable staff	\$16.00 per hour
Service Technicians	\$22.00 per hour
Service Manager	\$27.00 per hour

How do you compensate Sales People?

16% - Straight salary (Avg. amount: \$49,486)
 19% - Salary plus commission
 6% - Commission only (Avg. percentage: 20%)

Are you considering any of the following?

22% - Acquire another company
 19% - Sell your company
 25% - Transition to the next generation of family
 3% - Conduct a business valuation
 3% - Refinance
 9% - Develop a bulk plant
 13% - Upgrade an existing bulk plant
 6% - Converting to an S Corporation
 0% - Converting to flat rate billing for service
 28% - Retirement

How many fuel customers do you have?

Retail/Residential Heating Oil: 2,869
 Commercial Heating Oil: 134
 Propane: 1,588

In comparison to this time in 2014, has your customer list:

47% - Increased 16% - Decreased 37% - Same

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

16% - Gained to increased advertising
 9% - Gained due to acquisition
 38% - Gained due to other reason
 (excellent service, aggressive sales, good pricing,
 decreased competition)
 3% - Lost to competitor with similar pricing
 16% - Lost to discount
 31% - Lost to gas conversion
 0% - Lost due to other reason

Which of the following do you offer to RETAIL customers?

34% - Fixed pricing
 28% - Price cap
 91% - Budget payment plan
 56% - Service contracts
 0% - Free oil for new customers (oil coupons)
 9% - Free service for new customers
 16% - Temperature monitoring device/alarm
 19% - Tank monitoring system
 25% - Tank protection plans
 66% - Equipment service
 75% - Heating system service
 75% - Heating system installation

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

Retail/Residential Heating Oil: 1,531,676
 Commercial Heating Oil: 278,884
 Propane: 604,712
 Kerosene: 47,075
 Gasoline: 3,169,496
 Diesel: 1,147,569

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

Retail/Residential Heating Oil:	\$0.69 per gallon
Commercial Heating Oil:	\$0.51 per gallon
Propane:	\$1.21 per gallon
Kerosene:	\$0.67 per gallon
Gasoline:	\$0.27 per gallon
Diesel:	\$0.42 per gallon

How did the drop in oil prices affect your business?

84% - Better margins
 6% - Lower margins
 10% - No effect

In what range do your current receivables fall?

67% - Less than 30 days
 23% - 30-60 days
 8% - 60-90 days
 7% - Over 90 days

Do you have a bank line of credit?

66% - Yes 34% - No Total (from all banks): \$1,255,682

If yes, percentage did you use last year: 65%

What percentage of your customers are on a price protection plan?

18%

Do you charge retail customers for price protection?

6% - Yes - For Fixed Price \$0.09 per gal.
 28% - Yes - For Cap Price \$0.39 per gal. - \$122 avg. fee
 6% - Yes - For Down Side \$3.40 per gal.
 13% - Do not offer a price protection plan

Did your price protection customers honor their contracts?

94% - Yes 6% - Some (avg. 90%) 0% - No

Do your price protection plans offer a buyout option?

0% - Yes - Fixed amount
 3% - Yes - Per gallon amount \$0.75 per gal. avg.
 41% - No

Will you offer price protection plans next year?

40% - Yes 46% - No 14% - Not sure

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

73%

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

164

What is your average renewal price for a service contract?

\$241

How many PAID service contracts do you have?

1,886

How many service calls were made last year?

3,937

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

22% - Yes, retained gallons 0% - Yes, cash at closing 78% - 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	16%	3%
Sell Electricity	6%	0%
A/C Installation & Service	53%	0%
Plumbing Services	16%	0%
Solar Installations	3%	0%
Home Security Services	3%	0%
Other	3%	3%

Gray, Gray & Gray Oilheat Survey Results 2015 - Overall

In what state does your company primarily do business?

31%	Massachusetts	20%	Pennsylvania
7%	New York	7%	Connecticut
10%	Maine	4%	New Jersey
10%	New Hampshire	2%	Maryland
3%	Vermont	2%	Rhode Island
3%	Virginia	1%	Delaware

Total number of employees: 24

Number of service technicians (full-time equivalent): 6

Number of delivery drivers (full-time equivalent): 5

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	\$21.00 per hour
Service Technicians	\$23.00 per hour
Service Manager	\$30.00 per hour

How do you compensate Sales People?

16% - Straight salary (Avg. amount: \$51,552)
20% - Salary plus commission
5% - Commission only (Avg. percentage: 9%)

Are you considering any of the following?

35% - Acquire another company
17% - Sell your company
31% - Transition to the next generation of family
7% - Conduct a business valuation
2% - Refinance
12% - Develop a bulk plant
14% - Upgrade an existing bulk plant
4% - Converting to an S Corporation
7% - Converting to flat rate billing for service
20% - Retirement

How many fuel customers do you have?

Retail/Residential Heating Oil:	2,978
Commercial Heating Oil:	148
Propane:	2,664

In comparison to this time in 2014, has your customer list:

51% - Increased	19% - Decreased	36% - Same
-----------------	-----------------	------------

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

16% - Gained to increased advertising
6% - Gained due to acquisition
41% - Gained due to other reason
5% - Lost to competitor with similar pricing
11% - Lost to discounter
26% - Lost to gas conversion
3% - Lost due to other reason

Which of the following do you offer to RETAIL customers?

48% - Fixed pricing
42% - Price cap
90% - Budget payment plan
65% - Service contracts
5% - Free oil for new customers (oil coupons)
12% - Free service for new customers
19% - Temperature monitoring device/alarm
16% - Tank monitoring system
41% - Tank protection plans
80% - Equipment service
86% - Heating system service
83% - Heating system installation

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

Retail/Residential Heating Oil:	1,860,552
Commercial Heating Oil:	270,925
Propane:	1,329,796
Kerosene:	104,375
Gasoline:	1,854,256
Diesel:	727,663

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

Retail/Residential Heating Oil:	\$0.67 per gallon
Commercial Heating Oil:	\$0.45 per gallon
Propane:	\$1.18 per gallon
Kerosene:	\$0.70 per gallon
Gasoline:	\$0.27 per gallon
Diesel:	\$0.40 per gallon

How did the drop in oil prices affect your business?

86% - Better margins
3% - Lower margins
11% - No effect

In what range do your current receivables fall?

65% - Less than 30 days
20% - 30-60 days
8% - 60-90 days
7% - Over 90 days

Do you have a bank line of credit?

71% - Yes	29% - No	Total line (from all banks): \$967,105
If yes, percentage did you use last year: 50%		

What percentage of your customers are on a price protection plan?

22%

Do you charge retail customers for price protection?

6% - Yes - For Fixed Price	\$0.11 per gal. - \$99 avg. fee
30% - Yes - For Cap Price	\$0.28 per gal. - \$138 avg. fee
18% - Yes - For Down Side	\$0.44 per gal.
15% - Do not offer a price protection plan	

Did your price protection customers honor their contracts?

94% - Yes	5% - Some (avg. 91%)	1% - No
-----------	----------------------	---------

Do your price protection plans offer a buyout option?

5% - Yes - Fixed amount	\$500 avg.
6% - Yes - Per gallon amount	\$0.43 per gal. avg.
46% - No	

Will you offer price protection plans next year?

50% - Yes	35% - No	15% - 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)?

170

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

\$248

How many PAID service contracts do you have? 1,345

How many service calls were made last year? 3,277

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

17% - Retained gallons	6% - Cash at closing	77% - No
------------------------	----------------------	----------

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

	Already Offer	Plan to Add
Service Gas Equipment	45%	4%
Sell Propane	28%	5%
Sell Electricity	8%	5%
A/C Installation & Service	51%	2%
Plumbing Services	12%	5%
Solar Installations	7%	1%
Home Security Services	4%	3%
Other	5%	4%

The background is a dark, textured surface. It is decorated with a complex, abstract pattern of overlapping, colorful loops and numbers. The loops are in various colors including yellow, orange, red, pink, purple, blue, and green. The numbers are also in various colors and are scattered throughout the design, some appearing as part of the loops and others as standalone digits. The overall effect is a vibrant, dynamic, and somewhat chaotic visual representation of data and trends.

Oil Survey Results 10 Year Trend Report

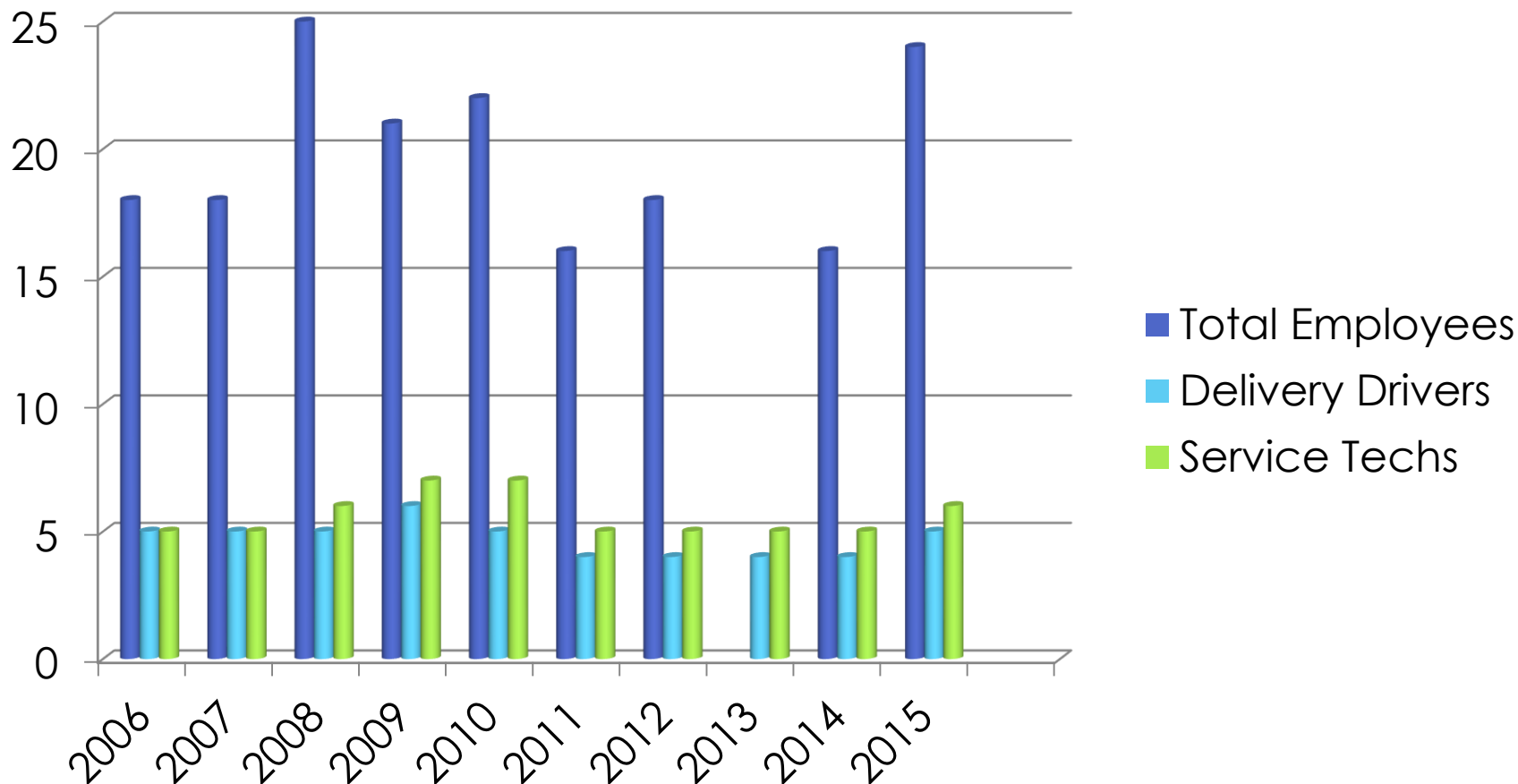
GRAY GRAY & GRAY[®]
CERTIFIED PUBLIC ACCOUNTANTS | ADVISORS
BEYOND THE NUMBERS

"Going beyond the numbers
to help clients achieve financial success."



Staffing

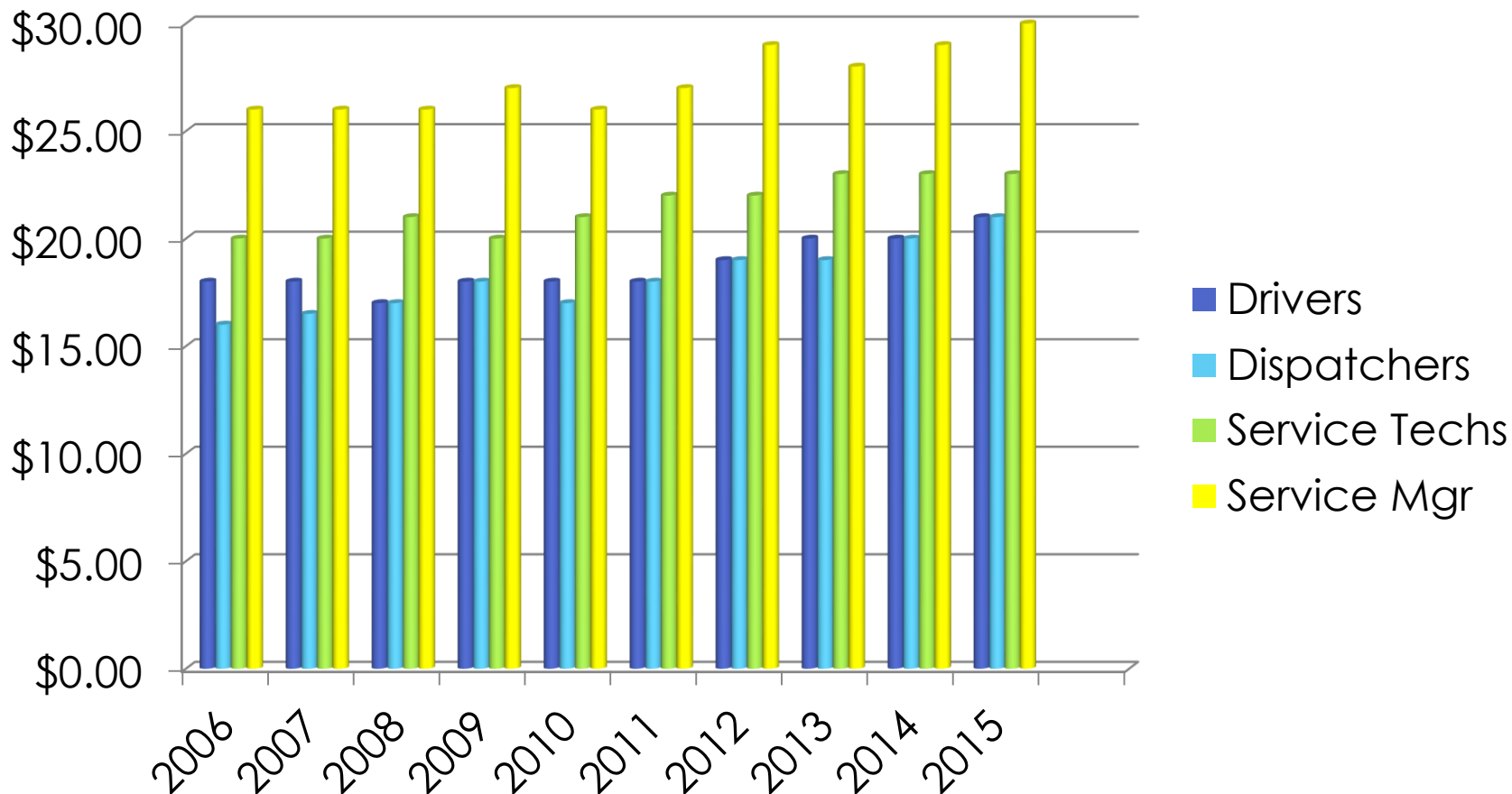
of Employees





Payroll

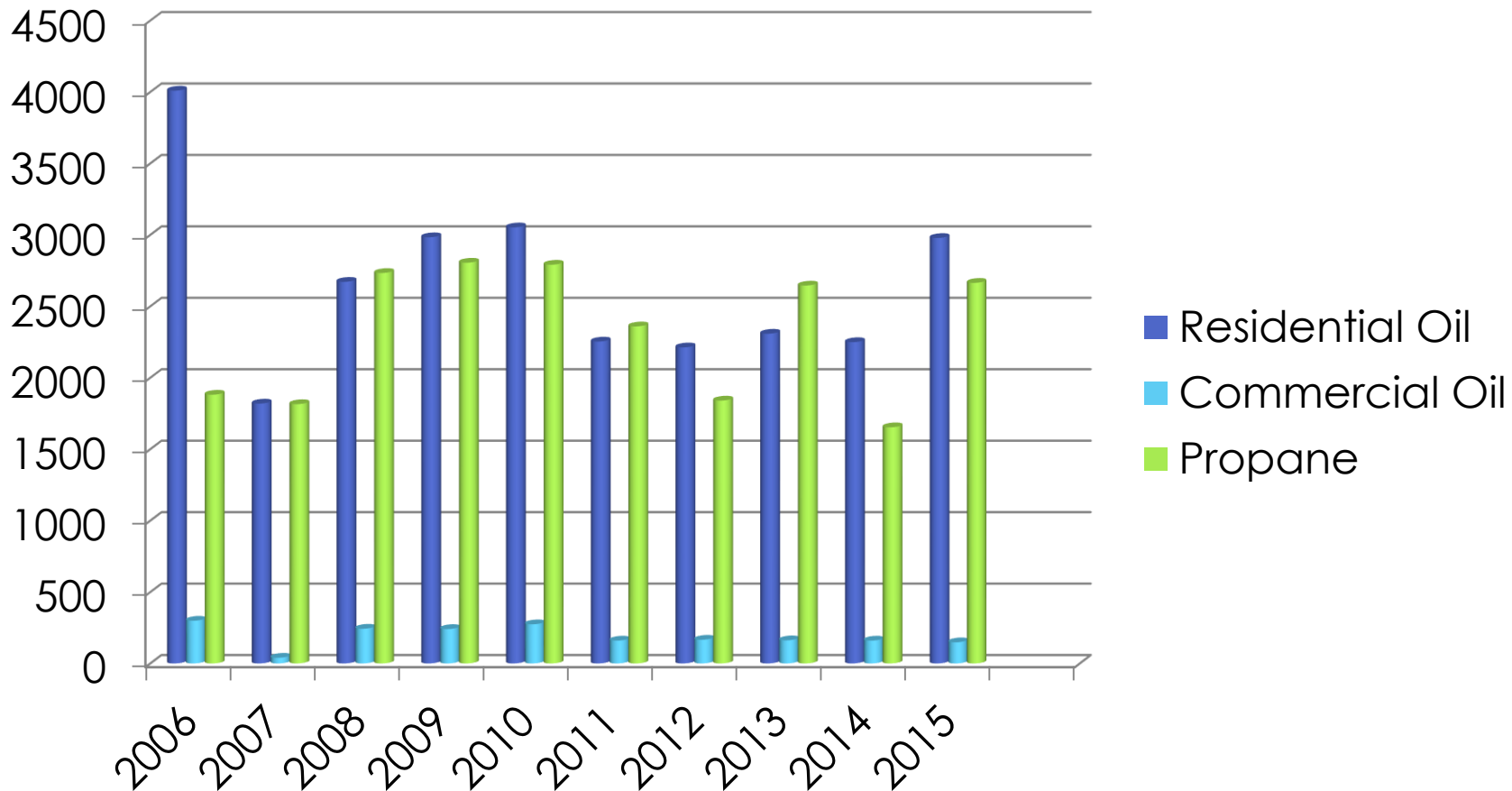
Hourly Rate





Customer List - # of Customers

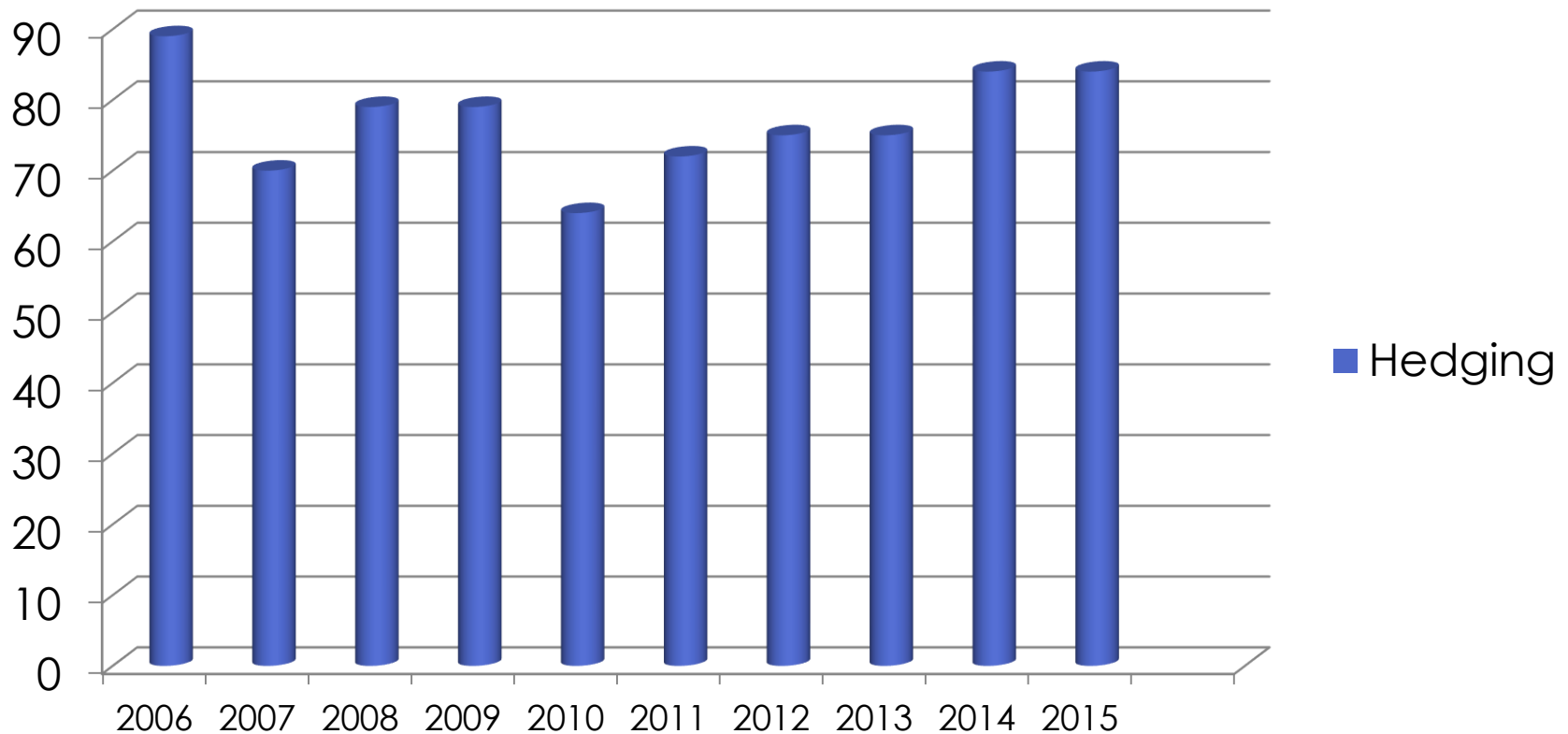
Customers





Pricing – % of Pricing Programs Hedged

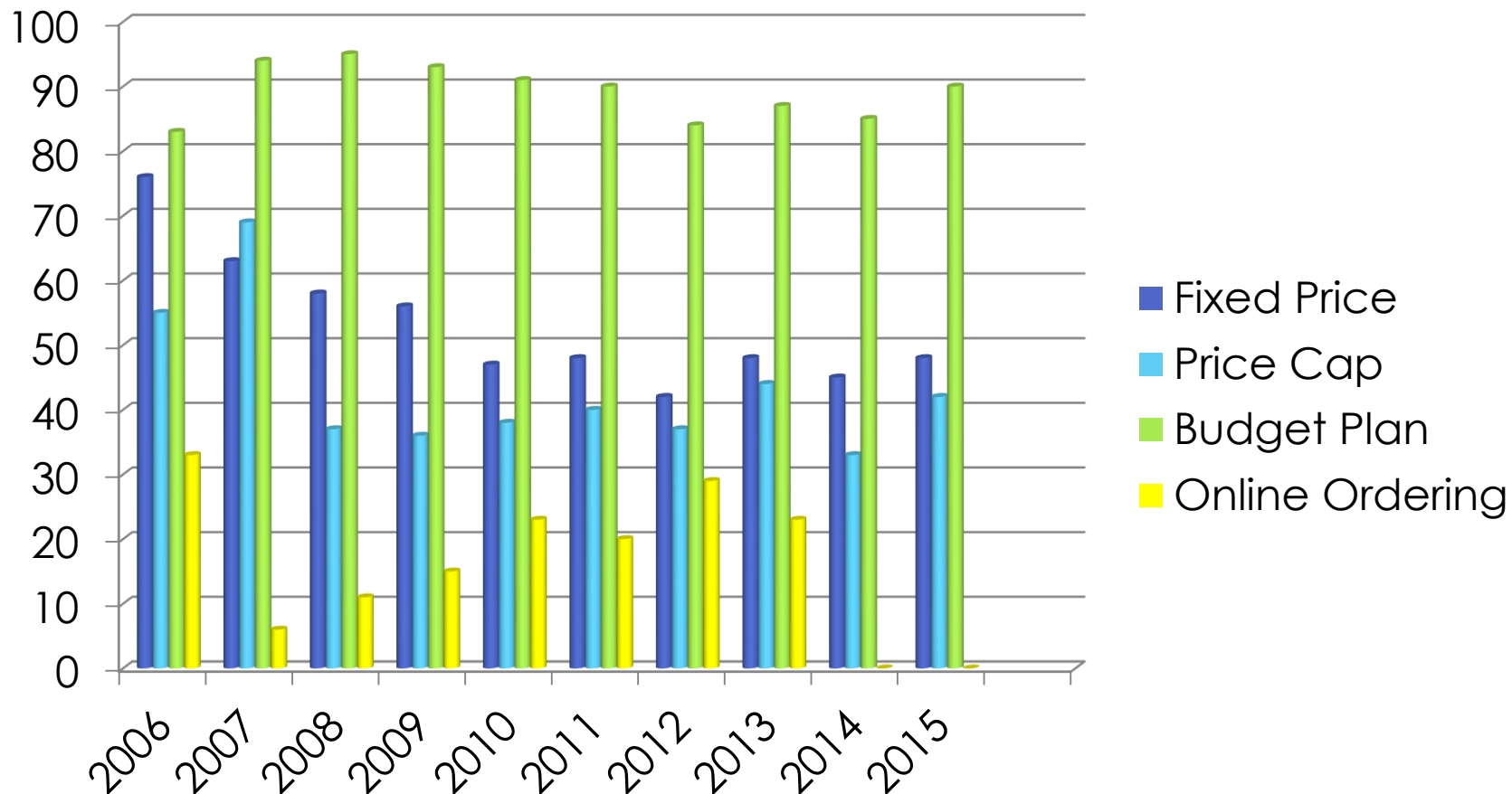
Hedging





Pricing – Programs Offered

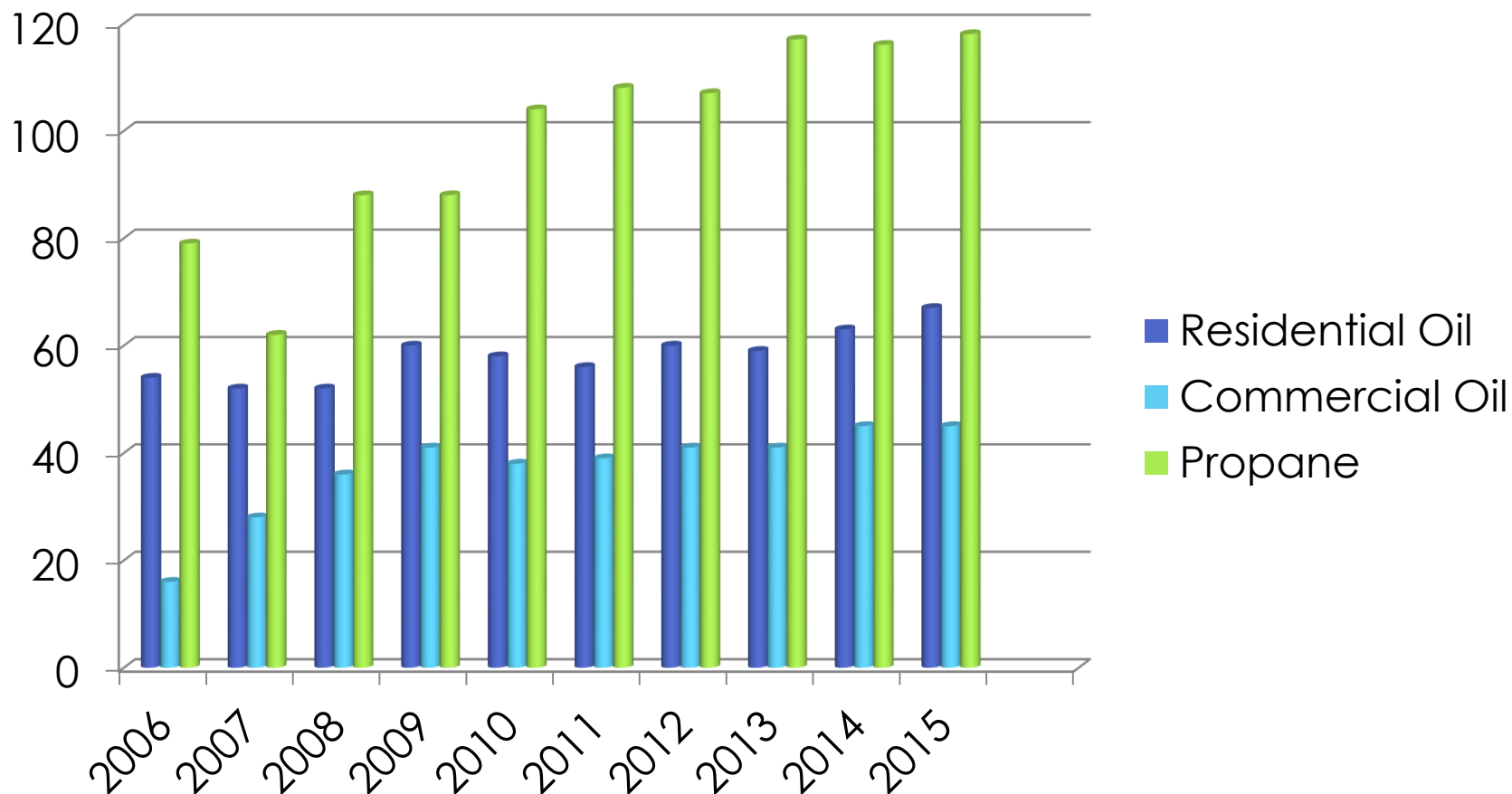
% of Companies





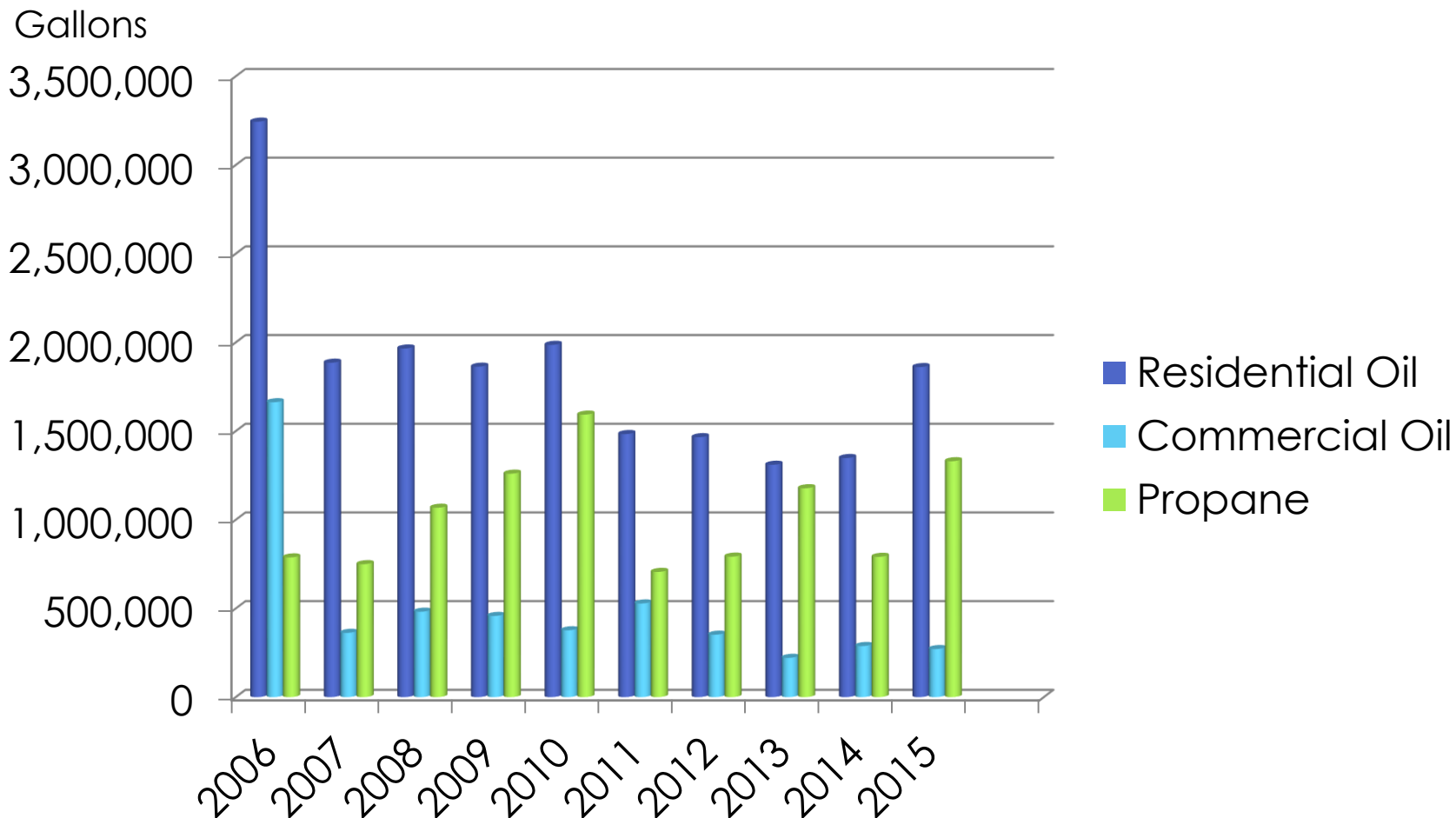
Pricing – Targeted Margin

Cents Per Gallon



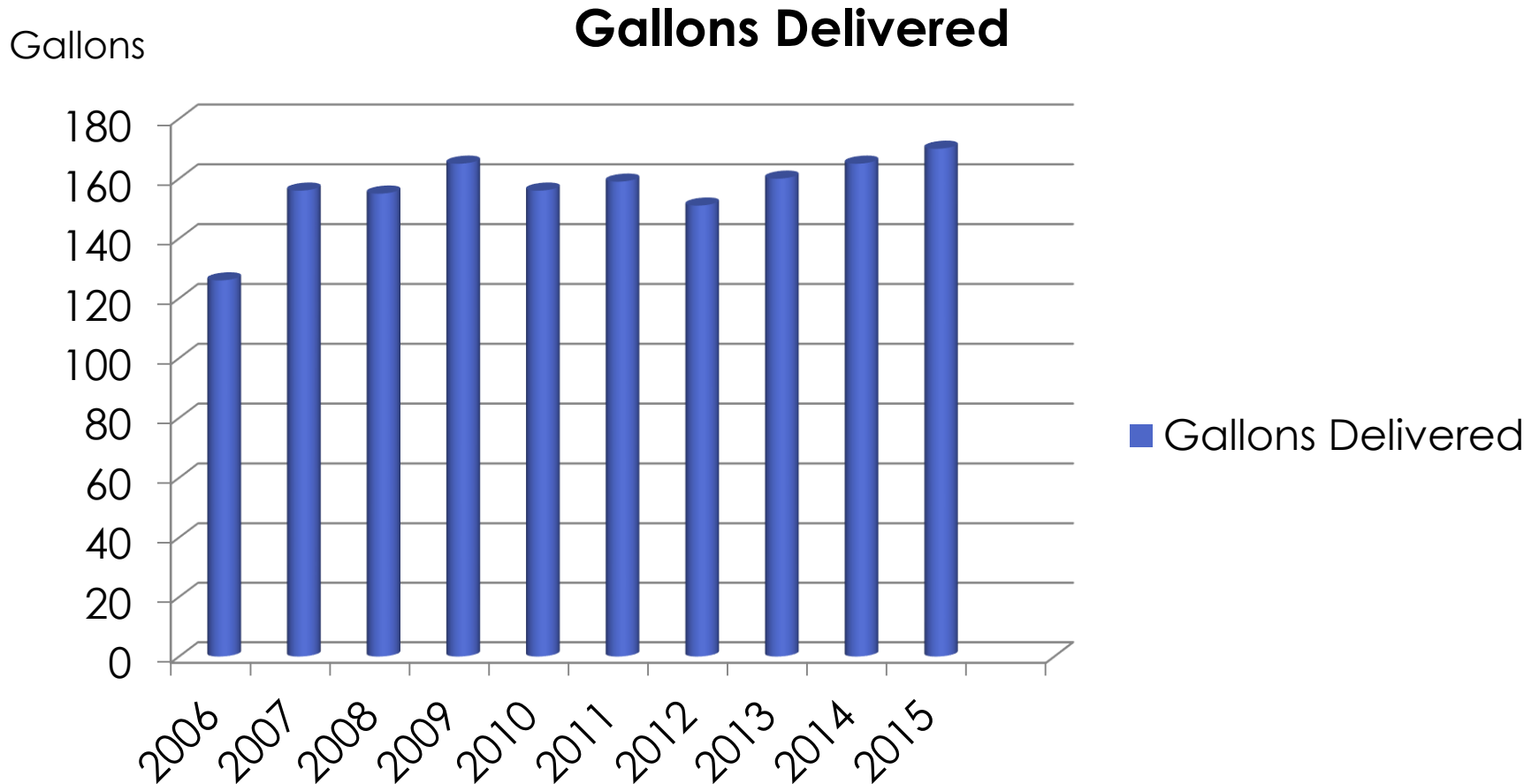


Delivery - # of Gallons





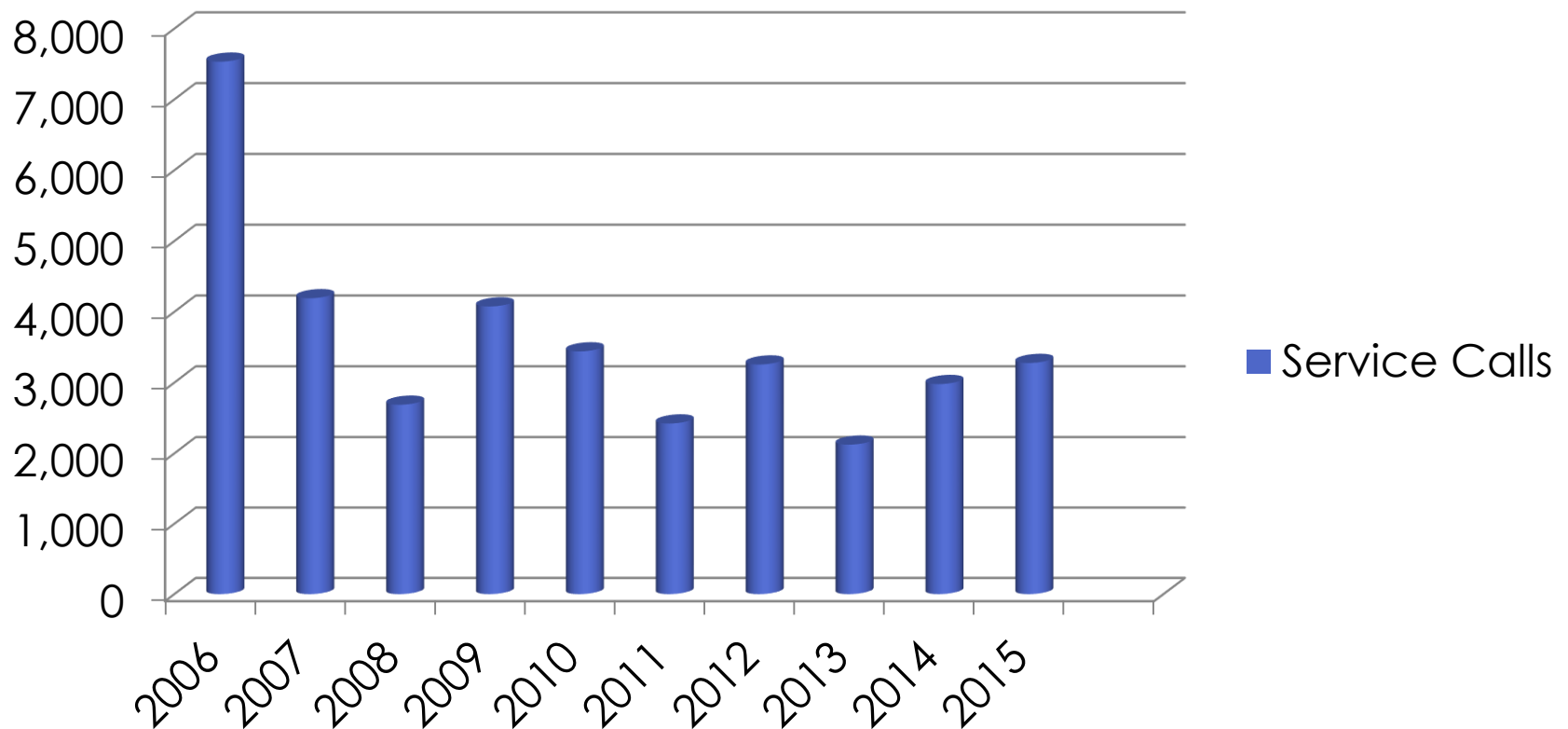
Delivery – Average Residential Drop





Service - # of Calls

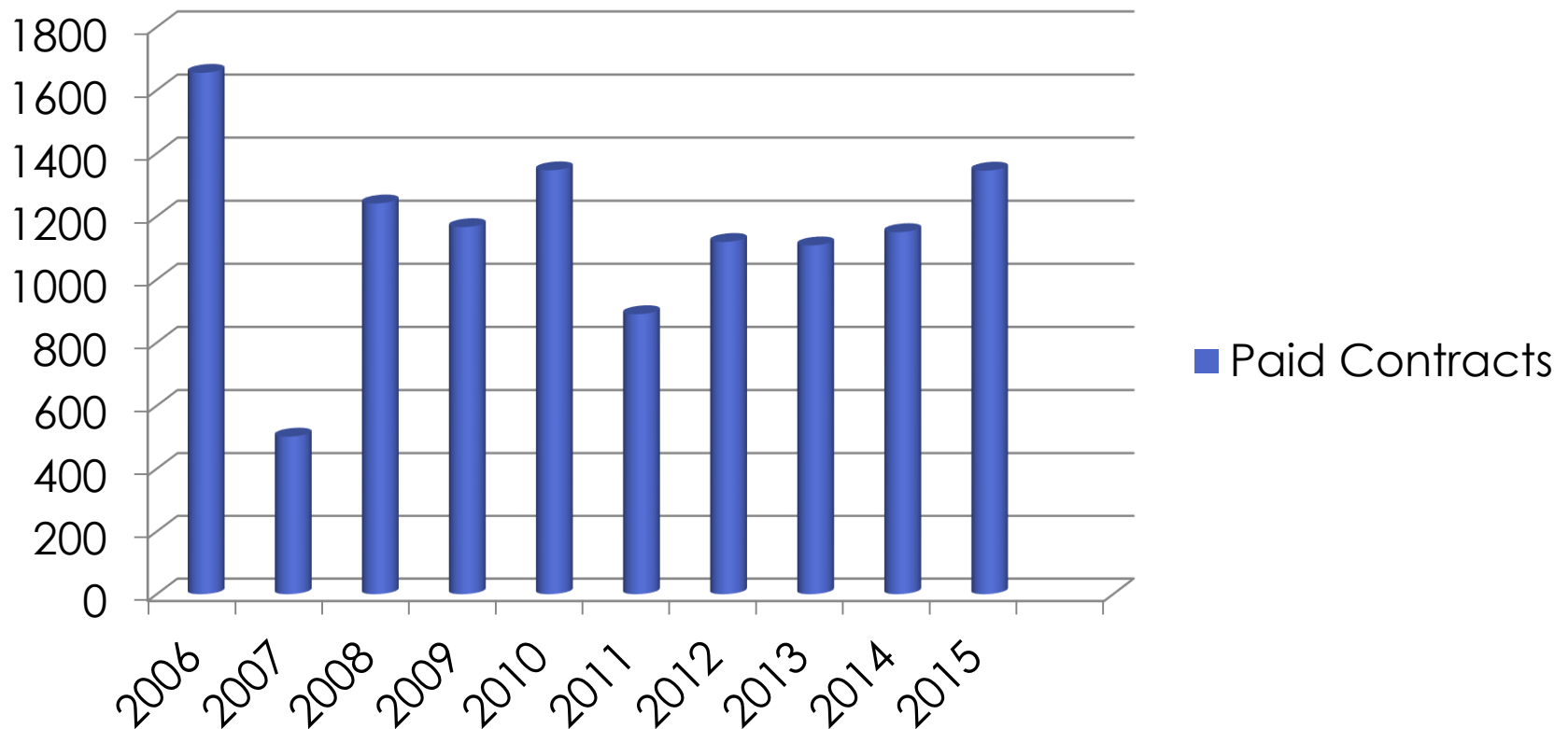
Service Calls





Service - # of Paid Contracts

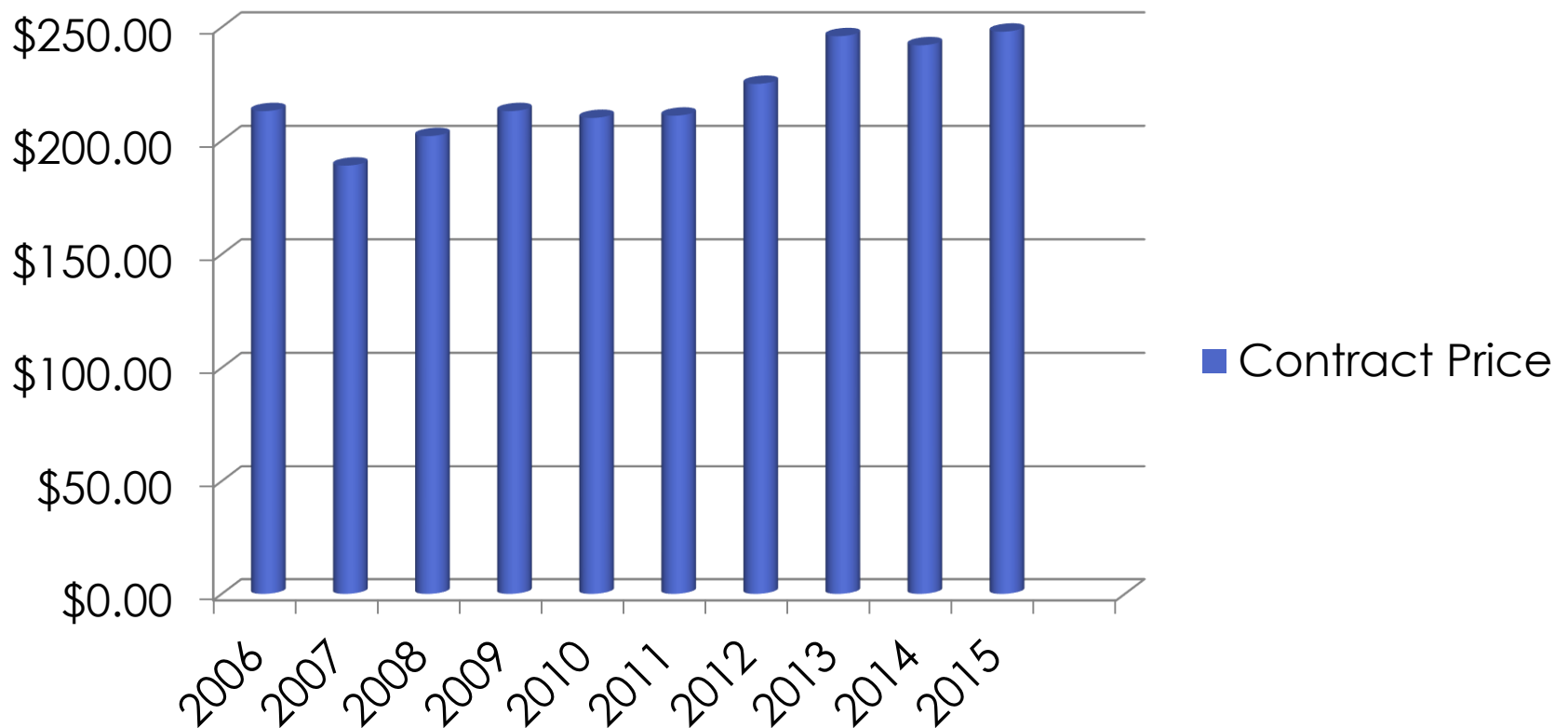
Paid Contracts





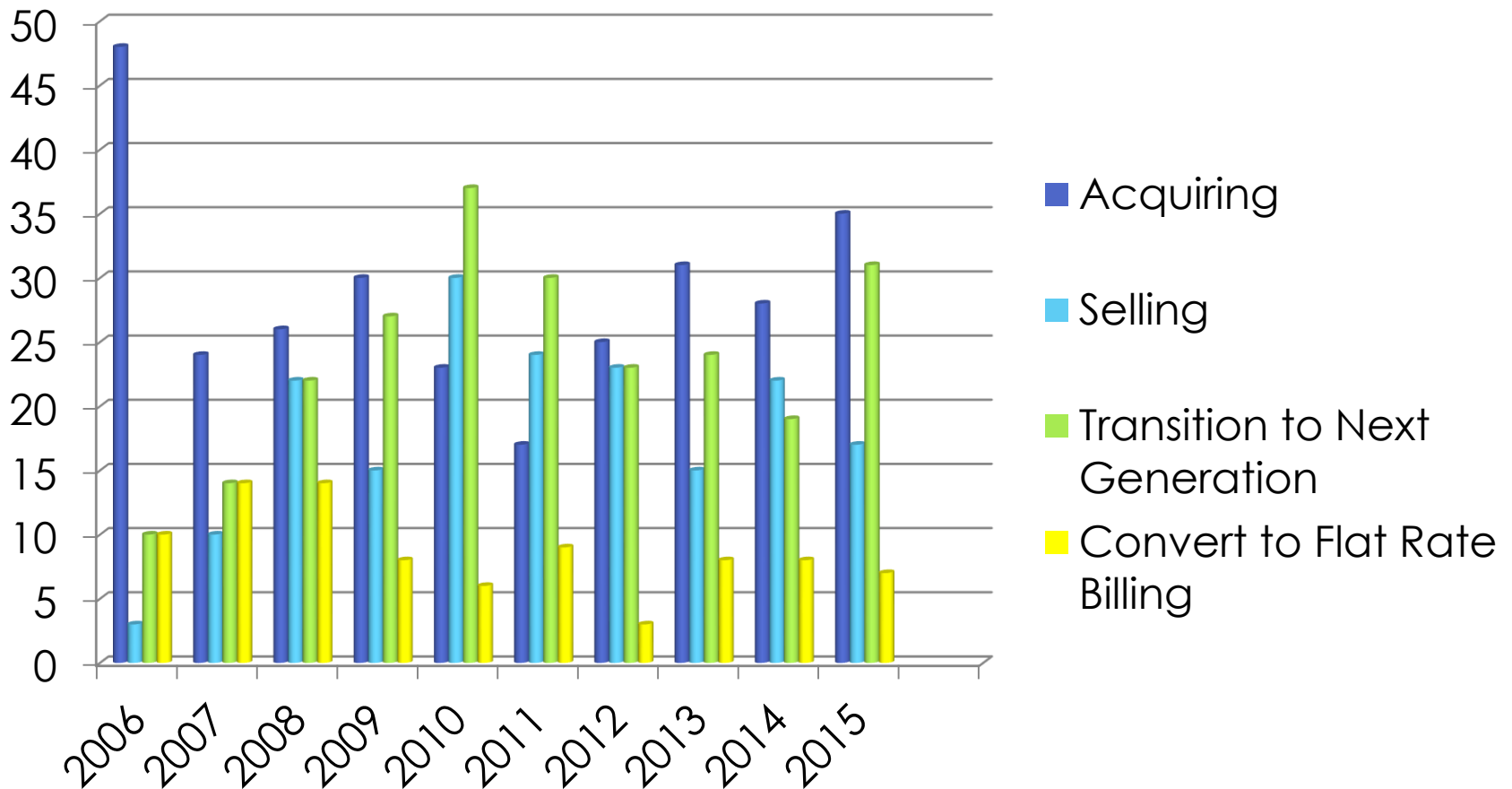
Service – Contract Pricing

Contract Price





Future Considerations





Contact Us

*Thank you for downloading Gray, Gray & Gray's Trend Report.
Please feel free to contact Joe Ciccarello or Jeff Foley with any questions.*

GRAY GRAY & GRAY[®]

CERTIFIED PUBLIC ACCOUNTANTS | ADVISORS

BEYOND THE NUMBERS

Canton | Framingham | Boston

www.gggcpas.com

781.407.0300

*We go beyond the number by delivering insight,
guidance and success to energy clients.*

