



# 2016 PROPANE INDUSTRY SURVEY RESULTS

**GRAY GRAY & GRAY**<sup>®</sup>  
CERTIFIED PUBLIC ACCOUNTANTS | ADVISORS  
BEYOND THE NUMBERS

# Gray, Gray & Gray Propane Industry Survey Results 2016

In what state does your company primarily do business?

28% Massachusetts      28% Maine  
 16% Connecticut      16% New Hampshire  
 12% Vermont

In what year was your business founded? 1959 (Avg. 57 years)

Are you a family-owned business?

100% - Yes (avg. 3 generations)    0% - No

Total number of employees:      Average: 47

Number of delivery drivers (full-time equivalent):      9

Number of service technicians (full-time equivalent):      8

What is the average HOURLY rate you pay:

Delivery Drivers	\$20.50 per hour
Transport Drivers	22.37 per hour
Dispatchers	22.53 per hour
Customer Service Representatives	16.99 per hour
Accounts Payable/Receivable Staff	20.35 per hour
Service Technicians	22.72 per hour
Service Manager	32.22 per hour
General Manager	38.58 per hour
Operations Manager	35.80 per hour
Office Manager	25.22 per hour
Sales Manager	28.62 per hour

Does your company have a sales team?

52% - Yes      48% - No  
 If yes, average number of sales people: 3.15

How do you compensate Sales People?

6% - Straight salary (Avg. amount: \$60,000)  
 93% - Salary plus commission (Avg. total: \$68,667)  
 0% - Commission only  
 1% - Other: Salary and profit sharing

Are you considering any of the following?

44% - Acquiring another company  
 1% - Selling your company  
 40% - Transitioning to the next generation  
 1% - Conducting a business valuation  
 1% - Refinancing  
 1% - Converting to an S Corporation  
 1% - Retirement

How many propane customers do you have?

Residential: 4,087  
 Commercial: 318

What percentage of aboveground customer propane tanks do you own?      94%

What percentage of underground customer propane tanks do you own?      41%

Do you charge rental fees for customer propane tanks?

60% - Yes (avg. \$86)      40% - No

Do you charge an installation fee for propane tanks?

64% - Yes (avg. \$109)      36% - No

Do you charge a minimal use fee for propane tanks?

44% - Yes      56% - No

If yes: 90% - Full tank capacity for 12 months  
 10% - Half tank capacity for 12 months

Do you charge a permit fee for propane tanks?

48% - Yes (\$75-\$350)      52% - No  
 (fees differ by town)

Do you charge a delivery fee to customers?

8% - Yes (avg. \$5.24)      92% - No

Do you charge a hazardous material fee to customers?

12% - Yes (avg. \$4.70)      88% - No

Do you charge other fees for propane tanks?

12% - Yes      88% - No  
 Equipment removal  
 Rental fee for generators

Do you require customers to have a multi-year contract on propane tanks?

For aboveground tanks: 28% - Yes      72% - No  
 For underground tanks: 36% - Yes      64% - No

If yes, how many years? Average 4.05 years

# Gray, Gray & Gray Propane Industry Survey Results 2016

What do you spend annually on the purchase of propane tanks?  
Average: \$168,105

What percentage of your annual spend on propane tanks is financed?  
13%

How far, on average, do you travel to pick up propane product?  
32.2 miles

How many gallons of propane did you sell during the heating season just ended?  
Residential Propane: 1,588,238 gallons  
Commercial Propane: 823,524 gallons

What was your average TARGETED margin for propane sales during the heating season just ended?  
Retail/Residential Propane: \$1.10 per gallon  
Commercial Propane: \$.63 per gallon

Do you sell any other fuel or energy products?  
84% - Heating Oil  
52% - Kerosene  
32% - Gasoline  
8% - Electricity

Which of the following do you offer to RETAIL customers?  
80% - Fixed pricing  
44% - Price cap  
88% - Budget plan  
48% - Service contracts  
8% - Free propane for new customers  
8% - Free service for new customers  
44% - Introductory pricing for new customers  
68% - Prompt pay discount  
12% - Temperature monitoring  
40% - Tank monitoring system  
32% - Tank protection plans  
84% - Equipment service  
80% - Heating system service  
76% - Heating system installation  
Other: generators, air conditioning, free site survey

What do you spend annually on liability insurance?  
Average: \$144,913

What is your average RESIDENTIAL fill (gallons per stop)?  
126 gallons

What is the average renewal price you charge for a service contract on heating equipment?  
\$250

How many PAID service contracts do you have?  
410

How many total service calls were made last year?  
4,895

Do you require customers to have a multi-year contract with your company?  
4% - Yes (avg. 3 years)      96% - No

Have you acquired another company in the past three years?  
16% - Yes (retained gallons)  
8% - Yes (cash at closing)  
76% - No

What computer software do you use to run your business?

Industry software:

30% - Blue Cow  
17% - Rural Computer (RCC)  
13% - Taurus  
8% - ADDS  
8% - DRM  
8% - Total Energy  
4% - Cargas  
4% - Factor  
4% - Suburban  
4% - Lynx

Accounting Software:

55% - QuickBooks  
14% - Great Plains  
8% - Rural Computer (RCC)  
4% - Firestorm  
4% - Mass 90  
4% - Peach Tree  
4% - Sage  
4% - Taurus  
3% - Ignite

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 propane dealers in the country.

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

Among our exclusive services for the energy industry are:

- **Propane Survey** – Annual “snapshot” of the industry to assist energy companies with benchmarking and strategic business planning
- **FuelExchange™** – Merger & acquisition service for the oilheat, petroleum and c-store industry
- **Business Planning** – Formulate Business Plans & Make Key Management Decisions
- **Valuations** – Industry-Specific Calculations of Business Value
- **GrayPay™** – Bill Paying Service

**GRAY GRAY & GRAY®**

CERTIFIED PUBLIC ACCOUNTANTS | ADVISORS

BEYOND THE NUMBERS

Canton | Framingham | Boston

781.407.0300 | [www.gggcpas.com](http://www.gggcpas.com)

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

Merger & Acquisition Service

