



Find Recent Articles:

Search

Or click here for stories over 14 days old

Find Businesses:

Go



CLASSIFIEDS>>

- Jobs in Vermont
- Autos
- Real Estate - Rent
- Real Estate - Sale
- Place an Ad

SHOPPING>>

General Dentistry
Cosmetic Dentistry
Laser Dentistry
invisalign
LUMINEERS
BY CERINATE

NEWS/HOME>>

- Search Archives
- More Top News
- Rutland County
- Southern Vermont
- State
- Legislature
- Sports
- High School Sports
- High School Football
- Forums
- Obituaries
- Business
- Calendar
- Submit an Event
- Weather
- Video Archive
- OPINION>>
- Editorials & Opinion
- Commentary
- Letters
- Submit a Letter
- Editorial Cartoons
- BLOGS>>
- Black River Today
- Green in the Mountains
- Out and About
- Sover Scene

BUSINESS

Heating crisis still looms with drop in oil

August 20, 2008

By Peter Hirschfeld Vermont Press Bureau

The meteoric rise in the price of oil during the past year has been tempered in recent weeks by a similarly precipitous drop. And while state officials overseeing fuel assistance programs welcome the roughly 30 percent fall in crude prices, they say Vermont still faces a potential heating crisis come winter.

Oil fell to about \$112 per barrel earlier this week, down from a July 11 high of more than \$147.

The wholesale cost of No. 2 heating oil on the Nymex exchange, meanwhile, has dropped from more than \$4 in July to just above \$3 this week. That translates into retail prices of about \$3.80, significantly below the \$5 per gallon some area dealers were quoting earlier in the summer.

Richard Moffi, chief of Vermont's fuel assistance program, says he's happy to see the long-awaited decrease in prices. But he attributes the drop to low summer demand for petroleum.

"The bad news is that when fall hits, and demand rises, prices always go back up," he says.

Even if prices remain where they are now, he says, many Vermonters still face a daunting financial situation this winter.

"Oil at \$3.79 looks like a steal compared to \$5," Moffi says. "But for low-income families it's still a budget buster."

At \$5 a gallon for No. 2 heating oil, according to Moffi, Vermont needs \$38 million to meet its obligation to households that qualify for fuel assistance.

The drop to below \$4 per gallon cuts that number by some 20 percent, he says, but it still far exceeds the \$11.6 million Vermont currently has in its Low Income Heating Energy Assistance Program coffers.

Moffi says prospects of a federal infusion into the LIHEAP grow dimmer by the day, and that the state's own economic troubles mean the lawmakers and administration officials will be hard-pressed to find the money in-state.

"\$3.79 is a heck of a lot better, but it's still unaffordable," Moffi says. "And not just for low-income folks, but for middle-income, working-class Vermonters as well."

Matt Cota, head of the Vermont Fuel Dealers Association, told legislators earlier this summer that he anticipated a drop in crude prices. The markets have since proven Cota right, and he says fuel dealers in the state are breathing a cautious sigh of relief.

"This is a roller coaster," Cota says. "It's just so chaotic."

Cota says lower prices, along with newly available federal loans, have blunted some of the concerns this summer over fuel dealers being able to obtain steep lines of credit for their winter fuel deliveries.

But Cota too says prices will need to fall even further before Vermont can truly emerge from crisis mode. Domestic drilling and stopping speculation in the oil markets, Cota says, would bring prices down to a more affordable level.

"I am more optimistic," Cota says. "As we stand now, I'm a glass-is-half-full kind of guy and I'm hopeful prices will decline."

Prices at the gas pump also have been sliding in Vermont.

On Tuesday, according to VermontGasPrices.com, the average cost of unleaded was \$3.82, the

VERMONT MAGAZINE IS ONLINE

ALDERMAN TOYOTA - SCION
Pre-Owned Car

Subaru Leg GT 2002 4WD \$11,995

TOYOTA CERTIFIED Used Vehicle

\$500 MS Inter Incent

TOYOTA ALDERMAN
33 SEWARD R
RUTLAND
800.924.2

www.frmc
High-tech care hometown