

Propane dealer Pyrofax scraps fee for low use

By Dan D'Ambrosio

Free Press Staff Writer

Thursday, January 20, 2011

After complaints from customers, propane gas supplier Pyrofax Energy is giving its Vermont customers refunds for so-called minimum usage fees it charged in 2010 and says it will not charge minimum usage fees in 2011.

The minimum usage fee is the difference between the gas capacity of a customer's tank and the amount of gas a customer actually uses in a 12-month period, said Jon Whittle, vice-president of operations for Pyrofax. For example, if a customer has a 400-gallon tank and orders 300 gallons of gas during the year, the minimum usage fee would be the cost of 100 gallons of gas.

"We realize after hearing from our customers that this issue needed to be addressed, so we have chosen to issue refunds or credits to the customers who were affected," said Dave Feheley, division president for Pyrofax Energy.

Tom Jones of Milton said this week he heard from the company it was going to void a \$562 surcharge from last month after delivering 100 gallons of propane to his home.

"For them to even try to charge \$562 to deliver 100 gallons of fuel is a little ridiculous," Jones said.

"I can't believe our laws can allow them to do something like that to somebody," Jones said. Whittle said about 4,000 of Pyrofax's roughly 20,000 customers were affected by the minimum usage fee. He said the decision not to charge the fee in 2011 was made within the last week, and that letters are now going out to customers across the state. Pyrofax has locations in 12 towns in Vermont, including St. Albans, Essex Junction and Colchester, and six towns in eastern New York.

Whittle could not say what the policy on the minimum usage fee would be in 2012, but said, "We will certainly always listen to our customers."

The price of propane is not regulated in Vermont, according to the Attorney General's Office, but dealers have to provide a written disclosure of their nonfuel charges to anyone who became a customer after Jan. 1, 2009. Also, starting Jan. 1, 2010, propane dealers were required to provide new customers with their charges for service so consumers can compare charges from different dealers.

Jones said that in addition to the \$562 surcharge, he was charged \$412 for the propane that was delivered, or \$4.12 per gallon, for a total bill of \$974.

He said that when he called the Pyrofax office to complain, he was told the surcharge was based on the 225 gallons of gas his 400-gallon tank would hold in addition to the 175 gallons the company estimated he and his wife used in a year. He was told that he could take delivery of the additional gas, but that he would owe for it either way.

“I was going to have them bring the fuel and I told her over the phone if that’s the way it is, bring 225 gallons, but I can only afford the 100 gallons,” Jones said.

Matt Cota, executive director of the Vermont Fuel Dealers Association, said more than 90 percent of the propane tanks in Vermont are owned by [companies](#) like Pyrofax, which was one of the reasons for the minimum usage fee. Cota said not every company charges the fee, but that it could be considered similar to a tank rental fee, applied in cases where a customer’s usage doesn’t cover the costs of maintaining the tank and delivering the fuel.

Cota said the cost of delivering propane is “fundamentally different” from the cost of delivering heating oil, for example. Typical propane delivery trucks cost \$110,000 as opposed to \$90,000 for oil delivery trucks, and typical propane tanks cost \$1,000 wholesale, without installation, as opposed to \$400 for oil tanks. Also, Cota said, propane delivery drivers require special training in safety procedures.

“The steel required to transport and hold propane as opposed to heating oil is much more expensive,” Cota said.