



## Fuel Pre-Buys Look Like Bad Option



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Heating fuel prices in Vermont have dropped more than a dollar in the last three months. But that's not good news for everyone.

Some people bought fuel or locked in a price in the summer when the price was at its peak -- fearing oil prices would continue to skyrocket. But that didn't happen. Prices are down and could go

lower.

The decline has paralleled the decline in gasoline prices at the pump. And while that's a welcome development, it leaves questions on the minds of people who locked in at a steeply higher price last summer.

When the price of fuel oil started dropping down to the three-dollar a gallon level and below, anyone who locked in their winter supply at close to five dollars lost big. Matt Cota of the Vermont Fuel Dealers association says he suspected the skyrocketing prices were a bubble that fuel dealers knew was going to burst. And many did not recommend pre-buys.

"They held back primarily because they didn't believe that this price that was really dictated by speculators on Wall Street was a legitimate price, that the price had to come down," he told Channel 3.

If there's a silver lining, fuel dealers say fewer people actually locked themselves into those high prices in the five dollar a gallon range. And fewer dealers themselves locked themselves in at that price. Instead, they chose another option.

Paul Willard of Waterbury said, "Rather than pre-buying, I bought a cap of \$4.85 and some insurance, so if it went higher than that, it would cover it. And my understanding was that if the price went down between now and then, their price to me would go down -- and that's exactly what's happened."

Stowe Attorney Harold Stevens also took the capped price with insurance, although he considered taking a risk. "Just go with the price as it was or as it might be from time to time during the winter," he said. "And that was an interesting option, but with fuel prices up around 150 dollars a barrel for oil, I thought it best to pay the insurance cap."

Cota says some people opted for a straight pre-buy at the high price out of habit. Pre-buys served Vermonters well for fifteen years. But that's definitely not the case this year, although no one can say if oil prices will keep going down, making the insurance option look better in the long run.

"Time will tell whether that is a good deal," Cota said. "Prices are very low now and they continue to look like they'll continue to go down, which is good news for anyone who didn't lock in. But the big question is, what will happen next."

The economic uncertainty makes the prediction of future fuel prices even harder -- if not impossible.

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