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Winter warmth comes with price Heating oil costs slam Vermonters

By [Bruce Edwards](#) Herald Staff

After a long winter, Vermonters are understandably anxious for spring. This year, however, they have a more practical reason for counting the days until warmer weather arrives: soaring home heating oil prices.

The average price of home heating oil in the state on March 10 was \$3.63 a gallon, 34 cents more a gallon than February and \$1.09 more a gallon than in March of last year, according to the Department of Public Service, which tracks fuel prices.

Higher heating oil prices have hit low-income Vermonters the hardest, many of whom qualify for the federally funded Low-Income Home Energy Assistance Program, or LIHEAP.

BROC, one of five community action agencies around the state, has seen increased demand for emergency fuel assistance in Rutland and Bennington counties, said Elizabeth Eddy, BROC's community services and outreach program manager.

While BROC has funds remaining for crisis fuel assistance, Eddy said that money isn't going as far as it did a year ago. For example, the one crisis fuel delivery last week cost \$511.25.

"The cost per assist has risen dramatically," Eddy said Wednesday, adding that most fuel dealers require a minimum delivery of 100 or 125 gallons.

Qualified clients who run out of the state-administered LIHEAP seasonal fuel assistance turn to BROC and the other community action agencies for crisis fuel aid.

"If someone, for example, had an expensive car repair in the past month and so their normal budget has been disrupted, or if someone's child fell ill and had

unforeseen medical bills, or if they lost a job and lost income," Eddy said, "those are all unpredictable extenuating circumstances that would qualify for that."

Homeowners who pre-bought fuel oil during the summer, betting that oil prices would increase as winter approached, made the right decision.

Chris Keyser, who owns five local fuel oil companies under the umbrella of Owner Services Inc., said Wednesday his average pre-buy price last summer was \$2.63 a gallon — a dollar less than the current price.

"They made out pretty damn good," Keyser said, referring to those who pre-bought their fuel.

Under a pre-buy plan, a customer pays in advance for a certain number of gallons at a set price. Once those gallons are used up, the homeowner winds up paying the market price for any additional deliveries during the heating season. Keyser also offers a pre-buy plan that stretches payments over time, but at a higher price per gallon.

Keyser said higher oil prices don't translate into higher profits for oil dealers. He said his costs go up while his profit margin shrinks. He said homeowners turn their thermostats down and buy less fuel while some of his customers are having trouble paying their bills on time.

Matt Cota of the Vermont Fuel Dealers Association said the pre-buy programs around the state for this winter ranged between \$2.39 and \$2.65 a gallon.

Last winter, he said, consumers who pre-bought their heating oil bemoaned the fact that they wound up paying more than they would have if they had not pre-paid. He said that's because the price of heating oil dropped in January 2007.

Cota said that prompted some homeowners this season to gamble that the price of oil would drop again.

"What we had was a lot of skepticism from the public about whether that was the right approach and you did see some decline in these pre-buy programs," he said.

With heating oil prices at record levels, he said, those who locked into a pre-buy program this season "are looking pretty smart right now."

Soaring fuel prices mirror the jump in crude oil prices that at one point hit \$109 a barrel on Wednesday.

Cota said a good part of the blame for the skyrocketing price of crude rests with commodities speculators and hedge fund managers. He said one way to rein in those speculators is closing what's called the Enron loophole, which allows overseas traders to escape scrutiny.

Closing that loophole has been a priority of Rep. Peter Welch, D-Vt., who has introduced legislation that would put the brakes on oil speculators.

Cota said the Vermont House on Wednesday passed a resolution calling on Congress to include Welch's Enron loophole legislation in the farm bill.

A provision similar Welch's legislation was included in the Senate version of the farm bill, according to a Welch spokesman, who said in an e-mail that Welch was working to have it included in the final version of the farm bill that comes out of the House-Senate conference committee.

Cota said the only people getting rich are the speculators and oil producers.

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