

Comfort @Line

Summer 2000 ■ Your Comfort is Our First Concern

Questions and Answers: Oil Price Spike by Charles J. Brand

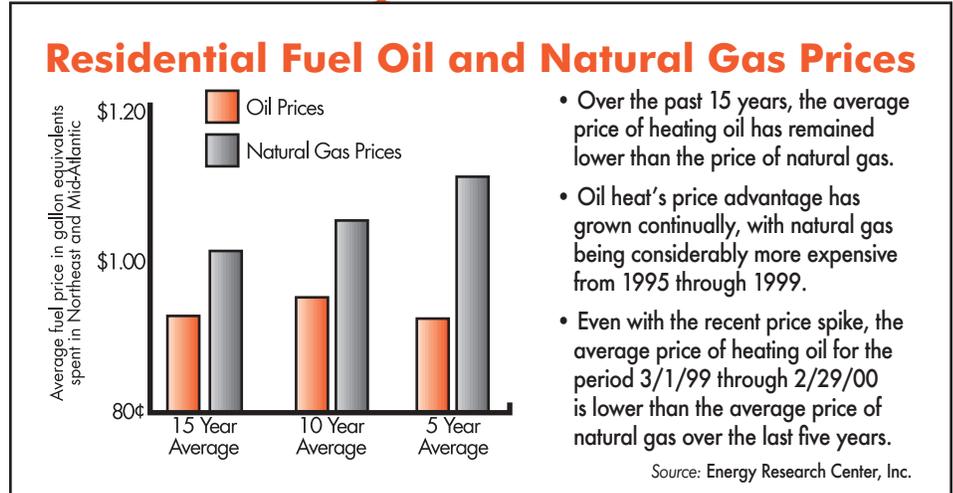
This quarter, our "Questions and Answers" segment discusses the Oil Price Spike.

What caused heating oil prices to spike this past Winter?

There were several factors that converged to cause the price spike. First, the oil producing nations of the world reduced production, causing crude oil prices to increase from \$10.00 a barrel to approximately \$30.00 a barrel. Second, because of "just in time" inventory methods, refiners carry less inventory than they did years ago. When the weather stayed cold for a number of weeks, inventory levels were depleted, causing upward pressure on prices. A third factor was that natural gas companies could not supply all of their customers due to shortages. The "interruptible" gas customers were forced to switch from natural gas to heating oil. Industry estimates indicate that during the extreme winter weather, this increased demand for heating oil by as much as 25%, further straining supplies and causing a temporary price increase.

What's being done to prevent this type of price spike from occurring again?

The government and the Board of Public Utilities are examining the effect of interruptible gas customers on the price spike. These interruptible customers are given a bargain basement gas price because the gas company can require them to switch to heating oil during cold weather. It is possible that restrictions will be placed on the ability of the gas company to require interruptible customers to switch to heating oil. In addition, the federal government is considering setting up a heating oil reserve to even out supplies during extremely cold weather.



Did the oil heat industry make more money during the price spike?

The major refiners, like Texaco and Citgo, made more money since they sold heating oil for as much as 50 cents per gallon more than gasoline. However, retailers, like Hart & Iliff, did not make more money. We need to maintain a certain margin to cover our costs regardless of what the price is. In fact, the price spike adversely affected our profits since it reduced our cash flow, increased our receivables and otherwise increased our cost of doing business.

Do you wait to make deliveries until the price is the highest?

Absolutely not! Deliveries are made using an Automatic Degree Day Delivery System. The colder the weather, the more fuel you use to keep your house warm. Degree Days are a daily measure of how cold it is outside. They are listed every day in the weather section of your newspaper. Each day we compute your daily fuel consumption by multiplying the number of degree days times a unique "burn rate" factor, developed for each customer. When

our computer estimates that your tank is approximately 70% empty, it will generate a delivery ticket, which is then forwarded to our Delivery Department. For many of our customers with large tanks, we intentionally short-filled their tanks this winter so that we could finish filling them in the spring and summer when prices are usually lower.

What can I do to protect myself against winter price spikes?

There are several things we suggest. When prices are low, in the summer or the fall, let us fill your tank even though you won't be using the oil until the winter. Also, we have two programs that can help to smooth out and reduce your energy bills. The Guaranteed Price Program allows you

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What Is That Tank In My Basement?

Most home water systems served by wells have a pressure tank that stores a few gallons of water and keeps your home's water pressure constant. This is what happens when a tap is turned on in your house:

- At first, the water comes from the pressure tank, but as more water is used, the pressure drops until a pressure switch automatically starts the pump.
- The well pump (either submersible or jet pump) refills storage and creates pressure in the tank.
- If there is a continued need for flow to the shower or laundry, the well pump will continue to run until the tap is turned off.
- If the need is for only small amounts of water, then the pressure tank can supply a few gallons (depending on tank size) before the well pump needs to run again.

If you have a pressure tank, you might want to turn on your tap and check how many gallons you can run before the pump cuts in. If your pump runs immediately each time a tap is turned on you may need to re-pressurize the tank.

If you know what to do, this is a quick and simple procedure. If you don't know, then a well/pump contractor should be able to do it for the price of a service call. There are now variable speed water pump systems on the market that can maintain consistent water pressure even if several water taps are in use at the same time.

The Facts On Fallout

It's hair we're talking about. The average person has about 100,000 strands of hair. And we lose about 100 strands of it daily. Generally, for each one we shed, we grow another.

But when we're stressed, we lose hair more rapidly. Researchers say that is because stress increases testosterone production in women, which can cause hair loss. Tension resulting from stress also lowers circulation, which decreases the blood supply to the scalp. And a poor diet doesn't provide enough nutrients for hair to grow.

When we undergo a trauma such as loss of a loved one, a car accident, etc., it can seem that we grow gray overnight. But that's just an illusion. True, stress causes more hair to fall out. But the idea that we become gray overnight is from the fact that gray hair is sturdier than pigmented hair. So when stress hits, the pigmented hair falls out faster than the gray hair, therefore creating the illusion that we've grown gray overnight.

The good news is, when we have stress under control, hair grows back to its usual volume.

Keep Mice Away

Mice are among the top culprits in many house fires because they chew on electrical wires inside the walls. Erie Insurance Company of Erie, Pa., recommends checking your home every spring for points where mice could enter, such as the edges of doors and windows; holes where pipes and utility lines enter; gaps at the roof and eaves; and ventilation openings for exhaust fans, air conditioning units and dryers.

Cover any openings with a rust-resistant fine wire mesh because a mouse can enter a hole small enough for a pencil. The company also offers these additional tips:

- Cover garbage cans with tight-fitting lids.
- Pick up the fallen fruit and nuts from your trees every day.
- Keep wood piles away from the house.

"Money won't buy happiness, but it will pay the salaries of a large research staff to study the problem."

—Bill Vaughan

At The Heart Of It

- The average person's heart is roughly the size of one of his or her clenched fists.
- Women's hearts beat faster than men's.
- In one year, the average human heart circulates approximately one million gallons of blood through the body.
- An average-sized adult's body contains 70,000 miles of blood vessels. The heart pumps blood through this labyrinth and back again once every minute.
- The average heart beats about 100,000 times every 24 hours. In a 72-year lifetime, that's more than 2.5 billion beats.
- The heart rests between beats for a total of 40 years in a lifetime of 70 years.

A Deep Sense Of Smell

Proving the old adage that a dog really is a man's best friend, a sheepdog in western England is reported to have tracked down his master's grave—despite never having seen it before.

Spot, a border collie, escaped from his new owner's home in Cheshire and walked four miles across busy roads before lying down on the grave of his original master, 73-year-old farmer Danis Goodler. Police found him, but although dogs are renowned for their sense of smell, it was unclear how Spot had found his owner six feet under.

—from *Newsday*

SPEED BUMP

Dave Coverly



Welcome To The Neighborhood?

You can't always pick your neighbors. But if you could, would you rather share a fence with John Boy Walton or President Clinton? National real-estate developers Del Webb Corp. asked baby boomers which of six families—five fictional—they'd most like for neighbors when they retire.

- A whopping 28% chose the Huxtables from *The Cosby Show*.
- 21% picked the Waltons.
- 16% each chose the Golden Girls and the crew from *Frasier*.
- 8% went with the Brady Bunch.
- Only 4% would roll out the welcome mat for Bill and Hillary Clinton.

—from *USA Weekend*

“Wouldn't it be much worse if life were fair and all the terrible things that happen to us happen because we really deserve them?”

—J.J. Straczynski

Fun Facts!

- It takes 3,000 cows to supply the NFL with enough leather for a year's supply of footballs.
- Humans are the only primates that don't have pigment in the palms of their hands.
- Average life span of a major league baseball: 7 pitches.
- A duck's quack doesn't echo.
- The reason firehouses have circular stairways is from the days of yore when the engines were pulled by horses. The horses were stabled on the ground floor and figured out how to walk up straight staircases.
- A rat can last longer without water than a camel.
- A raisin dropped in a glass of fresh champagne will bounce up and down continually from the bottom of the glass to the top.
- Ketchup was sold in the 1830s as medicine.
- By raising your legs slowly and laying on your back, you can't sink in quicksand.

Using A Ladder Safely

People are pretty nonchalant about safety when it come to using ladders. But injuries from ladders could be potentially fatal. The first step in protecting yourself from injury is proper set up. Keep these tips in mind...

Before you climb a ladder:

- Make sure no overhead obstructions and power lines are in the way.
- Lock or block nearby doors to keep people from suddenly or accidentally bumping the ladder.
- Keep the area around the ladder base free of clutter.
- Rest the ladder base on a solid, level surface.
- If you're working outdoors or in the grass, use a large board to level the surface and keep the ladder from sinking into soft ground.
- Tie a straight ladder as close to the upper support point as possible.
- Make sure the ladder extends three feet beyond the roof's edge or support point when using a ladder to reach a roof or platform.
- Make sure stepladders are fully open and the spreader is locked.
- Never use a ladder outside during strong winds.

Ridding Your Basement Of Dangers

- 1) **Check heating and air conditioning equipment each season.** Make sure furnace filters are clean and that your ductwork is free of contaminants. If they're not, you're breathing in all that dirt.
- 2) **Periodically run your washer empty.** This helps eliminate residue that can otherwise end up back in your clothes and cause skin irritations.
- 3) **Eliminate odors and mold-producing moisture** by ensuring your dryer vent is directed outdoors.
- 4) **Keep detergents and other cleaning materials** in their own cabinet to avoid "off-gassing".
- 5) **Check your wiring and fuse box.** Make sure your house wiring is grounded to a special grounding rod outside of your house. If they're grounded to water pipes, electrolysis can occur in the pipes, causing potential pollution of your drinking water with copper or lead solder (used especially in older homes).

The Color Of Money

Ever wonder why all U.S. paper currency is green when most other countries use a rainbow of colors to differentiate denominations? The first American banknotes were printed with black ink on backgrounds tinted in multiple colors. Early counterfeiters quickly found ways to match these notes.

But a banknote printer foiled the counterfeiters by developing a green tint that, when copied, did not allow for a clean transfer of the black ink. Green ink is still used because, officials of the U.S. Bureau of Engraving and Printing say, the color symbolizes our currency's strength and stability.

Pets Are A Lot Cheaper!

The U.S. Department of Agriculture reports that a middle class family spends an average of about \$301,000 to rear a child to age 18. More affluent parents—those with annual incomes of more than \$59,700—spend an average of \$438,000 per child—while lower income families (with less than \$35,000 incomes) spend roughly \$222,000.

Questions and Answers... *continued from page 1*

to purchase your winter fuel in advance, during the summer, at a low lock-in price. The Even Payment Plan allows you to spread your annual fuel bill over a 10-month period. You will also receive 8.4% annual interest on monthly credit balances and for the upcoming heating season, a five cent per gallon rebate. For more information about these programs, see the related article, call our office or visit our web site at www.hartandiliff.com.

Properly maintaining your equipment and installing extra insulation, clock thermostats or boiler temperature modulating controls can reduce fuel consumption and save money. If you have old equipment, you might consider replacing it. A new

burner can reduce your annual fuel bill by 10-15% and a new boiler by as much as 35-40%.

How do oil prices compare to natural gas prices?

A recent study by the Energy Research Center (see chart on page 1) shows that after the recent oil price increase, heating oil still costs less than natural gas in the 13-state Northeast region. In addition, home heating oil has cost substantially less than natural gas for more than 15 years. Furthermore, over the past five years, homeowners in this region saved an average of \$819 by using heating oil instead of natural gas.

Guaranteed Price Program and Even Payment Plan Control Winter Fuel Costs

If you had a large enough oil tank, you could purchase all your fuel in the summer and avoid winter price spikes. The Guaranteed Price Program allows you to do just that. Purchase your heating oil (500 gallon minimum) in advance, over the summer, at a low lock-in price, for delivery during the winter. There are a limited number of gallons available, so if you are interested in the program, please let us know as soon as possible.

The Even Payment Plan spreads out and reduces the cost of your annual fuel bill. Instead of paying for deliveries as you receive them, make 10 equal monthly payments based on your annual usage. The program starts in June, July or August. You will be paid interest at an annual rate of 8.4% on monthly credit balances and for the upcoming heating season, a five cent per gallon rebate on paid up accounts. In addition, service plans can be included in your monthly payment.

These plans are available to automatic delivery customers and feature our exclusive, money-saving Ultrablend Premium Heating Oil, which burns cleaner and more efficiently than conventional heating oil.

Homesafe Environmental Protection Plan Offers Peace of Mind

Cleaning up accidental oil tank leaks can be expensive. One survey shows that the average residential cleanup costs about \$8,700. Homeowners insurance policies do not cover most environmental cleanup costs. Hart & Iliff's Homesafe Environmental Protection Plan takes the worry out of the high cost of an environmental cleanup. Homesafe provides \$100,000 in coverage to cleanup accidental releases on your property.

In addition, Homesafe provides up to \$1,500 for the replacement of your oil tank in the event of a leak. The Homesafe Plan is available to Hart & Iliff automatic delivery customers with above or below ground oil tanks. Please call us at (973) 383-1421 for more details or visit our web site at www.hartandiliff.com.

For Our Loyal Customers...

If you have been a customer for more than 20 years, enter our Most Loyal Customer contest. See the Spring 2000 issue of *Comfort Line* for details.

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