

# HouseCalls

from **Westmore**  
FUEL CO., INC

## PERSONALLY SPEAKING

### we never leave you out in the cold

Dear Friends,

#### **This winter was extraordinary**

—particularly February, one of the coldest on record. Average monthly temperatures at Westchester County Airport registered 19°. We also saw icing on Long Island Sound that we haven't seen in decades.

These extreme conditions resulted in serious supply shortages for some oil terminals in our area. Fortunately, Westmore Fuel was able to arrange for

icebreakers to come in and clear a path for oil barges to fill our terminal. Westmore customers were never left out in the cold.

During a three-week period in February, we handled 5,503 telephone calls, made 5,122 fuel deliveries (including on weekends) and responded to 960 service calls. Many times, our drivers and service technicians had to climb over five-foot snowbanks just to reach customers' homes.

Throughout this time, we hope we proved that no one comes through better than our team, no matter how rough the conditions. (Please see one customer's experience below.)

The one silver lining to this winter turned out to be heating oil prices, which fell sharply early in the season, reaching their lowest point in six years. (Please read the inside pages to learn how the oil markets are repeating history from 30 years ago.)

**We all love what we do for a living,**



and taking care of our customers is a big part of that. We're particularly proud of the hours, effort, care and goodwill that our people put into their jobs—this winter and throughout the year. ***This is a big part of the Westmore difference!***

As we now look forward to all the warmer days ahead, we hope you'll give us a call to talk about any of the ways we can help you keep more comfortable and save money.

Warmly,

*Richard C. Bologna*

Richard C. Bologna



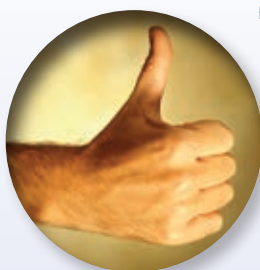
**Richard C. Bologna**

## customer appreciates the Westmore difference

**Throughout her 31 years** as a loyal Westmore Fuel customer, Betty in Greenwich, Connecticut, has always felt confident that we would be there to solve a problem, no matter the time, no matter the weather.

This feeling was reinforced again this past January when her oil burner failed. She called us and we dispatched one of our service technicians to her home.

**"I thought I would be spending the night in the cold, but your serviceman went to his van and brought in a**



**new burner as a replacement. Our family spent a cozy, warm night due to his efforts."**

Betty said that although this was the first time one of our technicians had visited her home at night, she felt comfortable right away.

**"He was kind, compassionate, caring and knowledgeable. I consider everyone at Westmore Fuel to be my heroes!"**



# BACK TO THE FUTURE: Heating with Oil in 1985 and 2015

History has an eerie way of repeating itself. Just take a look at what was happening in the oil markets back in 1985 and compare it to today.

## THEN

Beginning in 1985 and continuing in 1986, crude oil prices fell by about

**67%**

## NOW

Beginning in 2014 and continuing in 2015, crude oil prices dropped by

**60%**

Over the last 30 years, there have been only two times that crude oil prices have fallen 50% or more from their peak levels. Why does this matter? Think about it: After the price plunge in 1985–86, oil prices remained low and stable for 15 years, except for a temporary blip during the lead-up to the Persian Gulf War in 1991.

*Could oil prices remain stable for that long again?*

As always, it remains to be seen how oil prices will play out in the years ahead, since factors such as severe weather, the state of the economy and world events affecting energy production are unpredictable. But with U.S. oil production levels surging strongly, there is a better chance that oil prices may stay at lower levels in the future.

## Production Revs Up Again

In 1985, U.S. oil production reached peak levels for the decade, with nearly 9 million barrels per day being pumped out. Unfortunately, domestic production began waning in the years that followed. However, today's breakthrough technology has enabled us to get back to those high levels again. Total U.S. crude oil production in 2015 is on track to surpass 9 million barrels per day. And we have seen estimates that crude oil output will top 13 million barrels a day by 2019!

*The new American oil revolution has changed the equation!*

## THEN



## NOW



U.S. Crude Oil Production, Per Day

= 1 Million Barrels

## HERE AND NOW: Which Fuel Makes You Feel Better?

More and more, people who declined to convert their heating systems from oil to natural gas are looking pretty smart. Consider this:

- The combination of a huge surge in oil produced in the United States, weak global demand and a strong dollar have made **heating oil prices plunge to their lowest level since 2009**.
- During the winter of 2013–14, natural gas prices spiked

because pipelines could not distribute enough fuel. At one point, the spot price of natural gas was **actually higher** than the equivalent retail price of heating oil.

- During the winter of 2014–15, **natural gas spot prices rose** at the very time **oil prices were falling**.

### Supply concerns plague natural gas

Limitations on the way that natural gas is distributed continue to create supply challenges—and price concerns. Heading into the winter of 2014–15, natural gas prices had reached their most expensive point in more than a decade because of concerns that pipelines might not be able to distribute enough fuel.\*

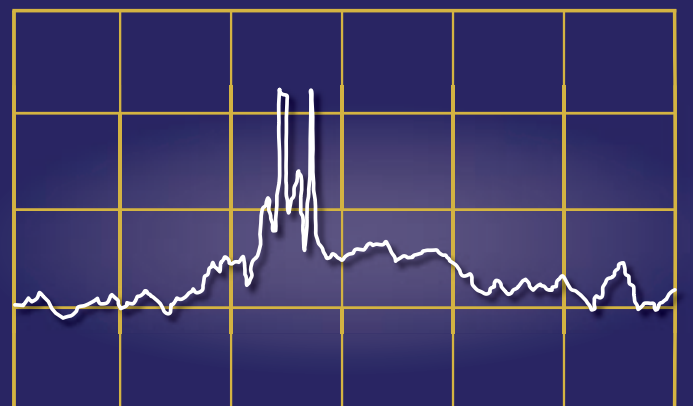
Other factors raising concerns about the direction of natural gas prices include:

- **Power plants are converting from coal to gas faster than expected, causing a significant rise in demand.**
- **High demand for gas overseas.** U.S. suppliers have been rushing to export our gas to markets in Europe and Asia, where they can charge more money. A decrease in domestic supply usually results in higher prices.

This all just goes to show that these days, oil heat customers like you have a lot less to worry about—and many more reasons to smile.

\*Bloomberg News, 10/6/14

Natural gas spot prices



7/13 1/14 7/14 1/15

At one point, the spot price of natural gas was higher than the equivalent retail price of heating oil. That's why switching fuels to capture a temporary price advantage can be futile.

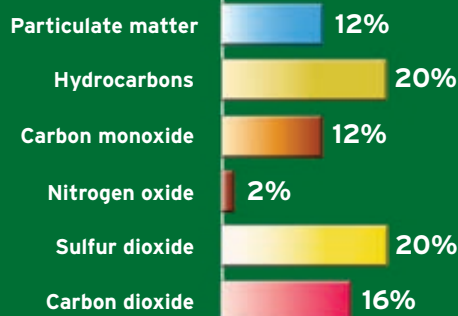
## AHEAD TO THE FUTURE: How will heating oil evolve?

**The cleanest, safest and most reliable fuel money can buy. That's what you get with oil heat. And things will only get better! In the years ahead:**

- All heating oil dealers will be delivering fuel with **ultra-low sulfur levels**. This opens the door for dealers to sell super-efficient heating systems (exceeding 95% AFUE), which previously had only been available outside the United States.
- Most heating oil will contain **20% biodiesel**. This renewable biofuel blend produces fewer carbon emissions than natural gas, which has now become more of a carbon producer due to the growing use of liquefied natural gas. Meanwhile, methane leaks from natural gas continue to remain an environmental concern.
- Most people will have oil heat systems that allow their oil dealer to **remotely monitor the status of the equipment** at all times and get a warning sign for potential problems. Wireless monitors will become standard on oil tanks, letting dealers know when oil drops to a certain level. Once it does, they proactively make a fuel delivery.
- Oil heating equipment will continue to evolve and incorporate the latest advancements for **efficiency and comfort**, giving you a lot more warmth for a lot less fuel. There are already two-stage oil burners and variable-speed furnace motors that conserve fuel. Many new oil boilers now include **outdoor reset controls** to enhance efficiency and comfort.



### Reductions in emissions with B20 BioHeat®



Source: BioheatOnline.com

## you're helping the environment!

**For years now**, we've been reminding customers that their use of Westmore's B20 BioHeat® helps the environment! That's because our biofuel blend dramatically reduces emissions of particulate matter, sulfur dioxide, carbon dioxide and other pollutants. Here are the numbers to back this up, based on an average usage of 800 gallons per year. Please read the BioHeat® page on our website to learn more.



## a closer look at protecting your price

**Over the last 20 years**, Westmore Fuel has offered our customers protection against price uncertainty by giving them the option of either **capping or fixing their fuel price**. This is our way of offering stability against the unforeseen in a volatile energy market.

The fact is, we never know what the market's going to do, or how world events or extreme weather may affect energy prices of all kinds. Like any contract, both sides have to fulfill their end of the bargain. On our end, we promise to provide the fuel to keep you warm all winter, and you promise to pay an agreed-upon price.



History has shown that **our Price Capped Plan is the safest choice** because it provides protection whether prices go up or down. This was the case this past winter when customers in a capped contract saved an average of 40¢ per gallon (see chart at right).

Please keep in mind that pricing contracts do not guarantee you cost savings, only cost certainty. Through our experience, we have found that in about 7 out of 10 years **in an up market**, price management programs will save you money. In 2 out of 10 years, you will break even. In 1 out of 10 years—if you have fixed your rate instead of capping it—you risk paying more.

You can view and enter into a pricing contract online by logging in to your Westmore Fuel account. Or, if you have questions, you can contact us at any time to request more information about our pricing options.



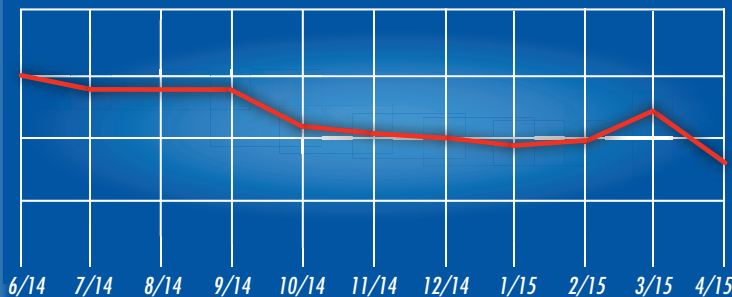
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**B20 BioHeat® • Biodiesel Fuel**  
**Heating Equipment Sales & Service**



PRESORTED  
STANDARD MAIL  
U.S. POSTAGE  
**PAID**  
DG3

### Heating Oil Prices: June 2014 – April 2015



Oil prices fell sharply in the fall and early winter. However, a bitterly cold February pushed up demand and prices ticked upward again before taking another drop. This shows that there is still volatility in the energy markets.