

## **Price Protection Frequently Asked Questions**

### **Q: How does your price protection program work?**

Our program provides a ceiling that limits how high your fuel price can rise next year. But unlike fixed price plans, there is no limit to how low it can fall. Any time our regular daily rate is below the ceiling, you pay the lower rate. The price cap plan for next year would cover the specific number of gallons you choose to protect for delivery between October 1, 2009 and April 30, 2010.

### **Q: Why is there a participation fee for this protection?**

A: We can't protect your oil price like this by ourselves. We must purchase a type of "price insurance" from our suppliers as soon as you tell us you want this protection. The cost of this has gone up ten fold in the last five years as the oil market has gotten more volatile. The current participation fee and ceiling price are both available on our web site when you log in your account number.

### **Q: How will I be charged?**

A: Your account will be charged immediately upon enrollment as we must purchase your price insurance on your behalf immediately. Payments may be broken into one, two, or three monthly installments. However your coverage begins once full payment is received. If you are enrolled in our budget plan, the payment will be included in your plan.

### **Q: How should I decide how much fuel I want to protect?**

When you go to your account on our web site, we'll show you exactly how much you used last year. If you have dealt with us for less than one year, we'll provide an estimate of your annual consumption. You should choose the amount you feel gives you the right amount of peace of mind without costing any more than you want to spend.

### **Q: Why do you have us specify the number of gallons, rather than just cover all of it?**

Because we have to charge you for it, we only want you to pay for exactly the protection you want, and no more. We get charged for the price cap "insurance" based on how many gallons a customer buys, and so we make that your basis as well.

### **Q: Do all fuel companies handle price protection the same way?**

A: No, there are big differences. We believe in playing things straight, in not taking risks with our customers or cutting corners. We don't insist that you enroll into price protection, but if you want it, you should be able to count on being truly protected, and that doesn't always happen with other dealers.

### **Q: Which way are fuel prices likely to go?**

A: We wish we could predict, but it's like trying to predict the stock market. Just look at last year when lots of analysts were saying oil could go to \$200 a barrel, and then it dropped to \$40 a barrel instead.

There are so many factors that could send it up or down at any time, it's pure speculation. In the last month alone, wholesale prices have swung up and down by 20%

**Q: Do I have to make a decision now?**

A: No, the current price and enrollment fee are listed on our web site for you to see, and you can enroll whenever you want. However, bear in mind that these prices can change on a daily basis as the oil market changes -not unlike mortgage interest rates.

**Q: Should I wait or enroll now?**

A: That's really up to you, but many customers look at it this way: If they wait, and oil prices rise, the ceiling will definitely be higher, and they'll also be paying more for your fuel. If they enroll now, and oil prices drop, our daily delivery price will go down anyway. That's the benefit of a true price cap. So if you want to get price protection, it probably makes sense to enroll now rather than try to time it just right.

**Q: Do I really need price protection at all?**

A: Not necessarily. If you don't choose it, you'll still get great service from us at competitive rates. But history tells us that fuel prices are definitely prone to temporary price spikes which send your bills soaring. And more recently, these fluctuations have gotten more extreme. Last year, they rose over \$2 per gallon in just a few months. If you want to have more certainty, the price cap can play a key role.

**Q: What happens if I use more oil than I cover?**

You'll pay the market rate in effect at the time for any gallons delivered over the protected amount.

**Q: What happens if I protect more gallons than I use. Can I get a refund?**

A) Unfortunately no. We have to buy the insurance up front, and it expires on April 30, 2010. That's why you should only cover the amount of fuel you feel comfortable with.

**Q: Is the participation fee refundable for any reason?**

A: No, because we have to purchase all of your price insurance up front. However, if you sell your home, it can be transferred to the new buyer.

**Q: Why has the participation fee gone up so much in recent years?**

Oil prices used to swing maybe 10 or 15 cents in a whole year. So the chance that the suppliers offering the Ceiling Price insurance would have to pay off was pretty low. Now, prices can change 20 cents in a day. There's a lot more chance that the suppliers will have to pay off, and so they're charging a lot more to provide the coverage.