



## OILHEAT V. NATURAL GAS

Dear Customer,

I would like to break up some of the myths and truths between oil heat and natural gas. Please take the time to read these excerpts from the American Energy Coalition, some of them will surprise you and some of them you will know to be true.

Oilheat is on the cutting edge in environmental, safety, service, supply and cost categories. Although the price of oil seems to be going up and it seems that you are paying more, you still are receiving a great value for your heating dollar. Our pricing is straight forward and easy to understand and we provide discounts to automatic customers. You receive value each time we deliver to your home or business. The level of service that you receive at our company is unmatched and our knowledge is unparalleled. Unlike large utilities, we know who you are and know your requirements for knowledge and prompt service. We are here 24 hours, 7 days per week, 365 days per year to assist you in any way that we can.

Technology is ever changing and oil heat is not old fashioned, if you think otherwise it's time to upgrade your equipment. You are throwing money out the window with old equipment, cut your fuel costs now and reap the rewards later!

As always we are here for you when you need us the most, not like the utilities, because we are a family owned company and we care! Not to mention we actually answer the phone...

Anthony D'Amato

Vice President

## AMERICAN ENERGY COALITION EXCERPTS

### Environment

**Natural Gas:** To understand natural gas emissions fully, you have to account for methane, which is a greenhouse gas with 72 times the Global Warming Potential of carbon dioxide.\* Natural gas is 95% methane. There are 2 million miles of pipeline to distribute natural gas in the United States with many ongoing leaks that spew raw methane into the environment and

aggravate global warming. Natural gas also generates carbon dioxide, another greenhouse gas, while it is being burned.

*\* On a 20-year time horizon*

**Oilheat:** Oilheat distribution does not contribute significantly to climate change. According to the U.S. Environmental Protection Agency, crude oil transportation activities account for less than one half of one percent of total methane emissions from the oil industry, and carbon dioxide emissions from transportation operations are negligible.

**Conclusion:** Oilheat is the better choice, because Oilheat emissions occur only during combustion, while natural gas creates substantial emissions during two phases of operation: distribution and combustion.

**Natural Gas:** Life-cycle emissions for natural gas increase as more liquefied natural gas (LNG) is used, because LNG generates more emissions than domestic gas. LNG is expected to make up 22% of the U.S. supply in 2020 - up from 3% in 2003, according to the American Gas Association.

**Oilheat:** Oilheat emissions decrease when Oilheat is blended with biofuel. Biofuel use is increasing, and one U.S. state (Massachusetts) will start requiring the use of biofuel/Oilheat blends in 2010. Oilheat is also moving to reduced-sulfur blends that reduce greenhouse gas emissions.

**Conclusion:** Natural gas is getting dirtier. Oilheat is getting cleaner.

### Safety

**Natural Gas:** Natural gas is explosive. If a leak develops inside a house or nearby, a deadly explosion can result. Between 1999 and 2008, there were an average of 44 gas pipeline incidents per year that caused at least one death or hospitalization, according to the U.S. Pipeline and Hazardous Materials Safety Administration. [Let's not forget the neighborhood sized explosion in California].

**Oilheat:** Oilheat is not explosive. In fact, it will not even burn unless it is preheated to 140° F.

**Conclusion:** Oilheat is the best choice for safety because the fuel is non-explosive.

**Natural Gas:** Carbon Monoxide (CO) is a colorless, odorless gas that is extremely toxic and can be produced by a malfunctioning fuel-burning appliance such as a boiler or furnace. The U.S. Consumer Products Safety Commission reports that between 1999 and 2005 there were 187 fatalities in the United States directly related to natural gas heating.<sup>2</sup> Gas systems can emit carbon monoxide without any visible warning signs.

**Oilheat:** If an Oilheat system should malfunction, it will release smoke or soot as a visible warning. These serve as early indicators that something is wrong long before dangerous levels of carbon monoxide can be reached.

**Conclusion:** Oilheat systems are safer because they produce odors and visible warning signs in the event of a malfunction, but gas heat systems can emit dangerous levels of carbon monoxide without visible warning signs.

**Natural Gas:** Natural gas is delivered continuously through a pressurized gas line that is directly connected to the home. If a line ruptures and a leak goes undetected, a building can fill with enough gas to cause a destructive explosion. The National Safety Transportation Board recommends the use of "excess flow valves" to protect lives and property, but they are required only for new gas connections, and many gas-heated homes lack this recommended protection.

**Oilheat:** Oilheat is delivered one load at a time into "your" durable storage tank. The tank is not pressurized, and the fuel is not explosive. [Not to mention you have a supply of quality heating oil on hand unlike a utility with no storage capabilities].

**Conclusion:** Natural gas customers are exposed to risk of injury and property damage because the fuel they use is inherently hazardous. Oilheat customers are not exposed, because the fuel they use is inherently safe.

### Service

**Natural Gas:** Many gas utilities do not provide routine service and maintenance on home heating equipment. While some companies offer sub-contracted service work or provide lists of preferred technicians, many others assume, or even suggest, that the customer ask friends and neighbors for recommendations, or consult the local phone books.

**Oilheat:** Power Fuels provides a range of home comfort services, such as:

- Fuel delivery with the option of automatic delivery
- Responsive, round-the-clock service
- Preventive maintenance, including annual tune-ups
- Parts and labor coverage through service contracts
- Heating system efficiency audits
- Installation of money-saving high-efficiency heating systems
- Budget plans & fixed price plans
- Conservation advice
- Air conditioning services

We perform all service and installation work and Power Fuels does not use sub contractors. You always know who is coming to your home or business from a company you know and trust.

## Supply

**Natural Gas:** Gas utilities rely on both domestic and international suppliers. Where domestic supplies cannot meet the demand, the utilities import liquefied natural gas (LNG), which is cooled to -260° F and shipped by tanker at that temperature. The energy-intensive process increases the cost and expands the fuel's carbon footprint.

**Oilheat:** Oilheat is refined from crude oil that is collected in the U.S. and abroad. For all the talk of Middle East oil, only one of the top six suppliers of crude oil to the U.S. is located in the Middle East, and the largest exporter to the U.S. is Canada. The U.S. maintains large supplies of both crude oil and heating oil in the Strategic Petroleum Reserve and the Northeast Heating Oil Reserve. Oilheat dealers are also blending Oilheat with biofuel, which extends the supply and reduces demand for imported oil.

**Conclusion:** Oilheat and natural gas supplies come from the United States, Canada and other countries. The gas industry extends supply with a less environmentally friendly fuel. The Oilheat industry extends supply with a domestically produced fuel that is more environmentally friendly.

## Cost

**Natural Gas:** Utility gas bills generally include supplemental charges beyond the cost of the fuel itself. These can include a basic monthly charge, delivery charges, supply charges, cost adjustment charges, distribution charges, taxes, franchise fees, administration charges and more.

**Oilheat:** Oilheat prices are straightforward. When we quote a per-gallon price, the customer pays exactly that price, with no extras. [Our regular automatic customers are always sheltered from extra fees for emergency heating fuel delivery because they rely on Power Fuels to deliver the fuel v. call in customers who monitor their tanks].

**Conclusion:** Comparisons of prices for natural gas and Oilheat must account for utility surcharges to be accurate, because utility customers pay for more than just fuel.

**Natural Gas:** Converting a home from Oilheat to gas can cost up to \$10,000 and maybe more, according to the *Boston Globe*.<sup>2</sup> In addition to installing a new boiler or furnace, a homeowner might need to reline the chimney; install a gas line; install an excess flow valve to protect against fire or explosion; plumb and wire the new system; and remove or abandon an oil tank. Some utilities offer free boilers or furnaces, but these promotions may not include the costs of installation or any other services. In addition, the customer should investigate the free appliance's efficiency rating, as they are usually lower efficiency units with additional charges should the homeowner choose the higher quality equipment.

**Oilheat:** The cost of upgrading an Oilheat system is lower than the cost of converting, because

the homeowner is buying only a new boiler or furnace, and no other equipment requires changing. The cost will be determined by the type of new equipment chosen. [Call our Service Department today for an estimate on a new heating system].

**Conclusion:** The Consumer Energy Council of America (CECA) calls fuel conversion "an expensive gamble" with no guaranteed payoff. "In 95 out of 100 cases, it makes economic sense to stick with oil, and if an energy-related investment is desired, to invest in conservation," CECA wrote in its brochure *Smart Choices for Consumers: Best Ways to Deal with High Heating Costs*.

**Natural Gas:** Several states have tried to create competition in natural gas sales by empowering non-utility vendors to sell natural gas, but the results have been mixed. In Pennsylvania, for example, the Public Utility Commission announced in March 2009 that its attempt to create competition with the 1999 Natural Gas Choice and Competition Act had failed, and it would pursue a new initiative. The reality is that most communities are served by only one natural gas pipeline network, and it is owned and controlled by a utility.

**Oilheat:** There are no utilities in Oilheat. Instead, we compete with other dealers to earn and retain your business. Our customers reap the benefits of competition every day in the form of straightforward honest prices and excellent customer service.

**Conclusion:** Competition is alive and well in Oilheat, and our consumers reap the benefits. Natural gas utilities, on the other hand, face less competition, if any.