

Vermont Fuel Price Report

October, 2011

EIA-Short-Term Energy Outlook

EIA projects average household heating expenditures for natural gas, propane, and heating oil will increase by 3 percent, 7 percent, and 8 percent, respectively, this winter (October 1 to March 31) compared with last winter, while electricity heating expenditures fall by less than 1 percent. Average expenditures for households that heat with oil are forecast to be higher than in any previous winter.

This forecast reflects higher prices for natural gas, propane, and heating oil, and slightly milder weather than last winter in much of the Nation contributing to lower consumption in many areas (see [EIA Short Term Energy and Winter Fuels Outlook](#) slideshow).

According to the [National Oceanic and Atmospheric Administration's \(NOAA\)](#) most recent projection of heating degree-days, the lower-48 States are forecast to be 2 percent warmer during the October through March winter heating season compared with last winter. However, heating degree-day projections vary widely among regions, with the West projected to be about 3 percent colder than last winter, and the South projected to be about 5 percent warmer.

Heating Oil. EIA expects households heating primarily with heating oil to spend an average of about \$193 (8 percent) more this winter than last winter as a result of a 10-percent increase in prices and a 1-percent decrease in consumption. About 6 percent of U.S. households depend on heating oil for winter fuel; however, the Northeast accounts for about 80 percent of these households. EIA projects residential heating oil prices to average \$3.71 per gallon during the winter season, 33 cents per gallon more than last winter, and the highest average winter price on record (although lower than the record heating oil prices realized during the summer of 2008 when crude oil and all petroleum product prices hit their peak).

Propane. About 5 percent of total U.S. households heat with propane. EIA expects households heating primarily with propane to spend more this winter, but that increase varies across regions. EIA expects that households in the Midwest will see an average increase in winter propane expenditures of 4 percent, as projected residential propane prices increase by 5 percent from last winter and consumption falls by about 1 percent. Households in the Northeast may see a larger increase in propane prices with expenditures rising by 9 percent.

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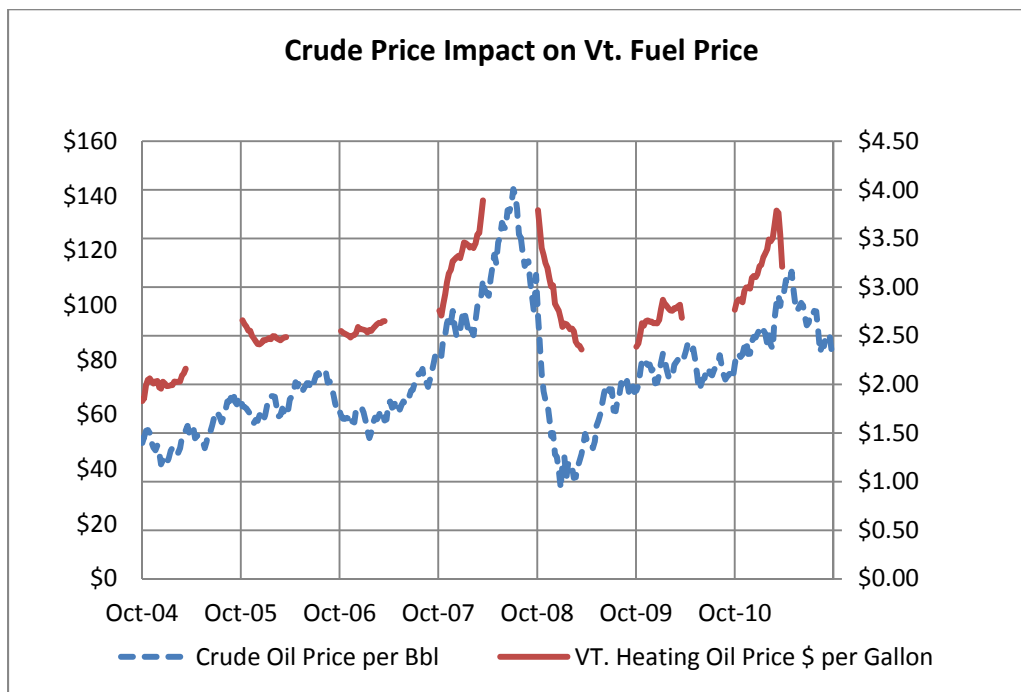
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Vermont Average Retail Petroleum Prices (per gallon)					
	October '11	September'11	%change	October'10	%change
No. 2 Fuel Oil	\$3.682	\$3.570	3.13%	\$2.767	33.06%
Kerosene	\$4.037	\$4.031	0.17%	\$3.119	29.44%
Propane	\$3.089	\$3.012	2.54%	\$2.708	14.06%
Reg. Unleaded Gasoline	\$3.593	\$3.708	-3.12%	\$2.747	30.79%
Diesel	\$3.995	\$4.017	-0.55%	\$3.170	26.01%

One of the most frequent questions the Department of Public Service receives is “why is the Fuel Oil price going up?” (not surprisingly never have we been asked “why is it going down?”)

The answer is, the prices are linked to to global oil prices. The figure below shows the close correlation between global

crude oil and Vermont heating oil prices over the past 6 years. The red line represents the Vermont Heating oil price during the October thru March heating season. It is interesting to note how responsive the Vermont price is to changes in the global price both in the upward direction and downward direction.

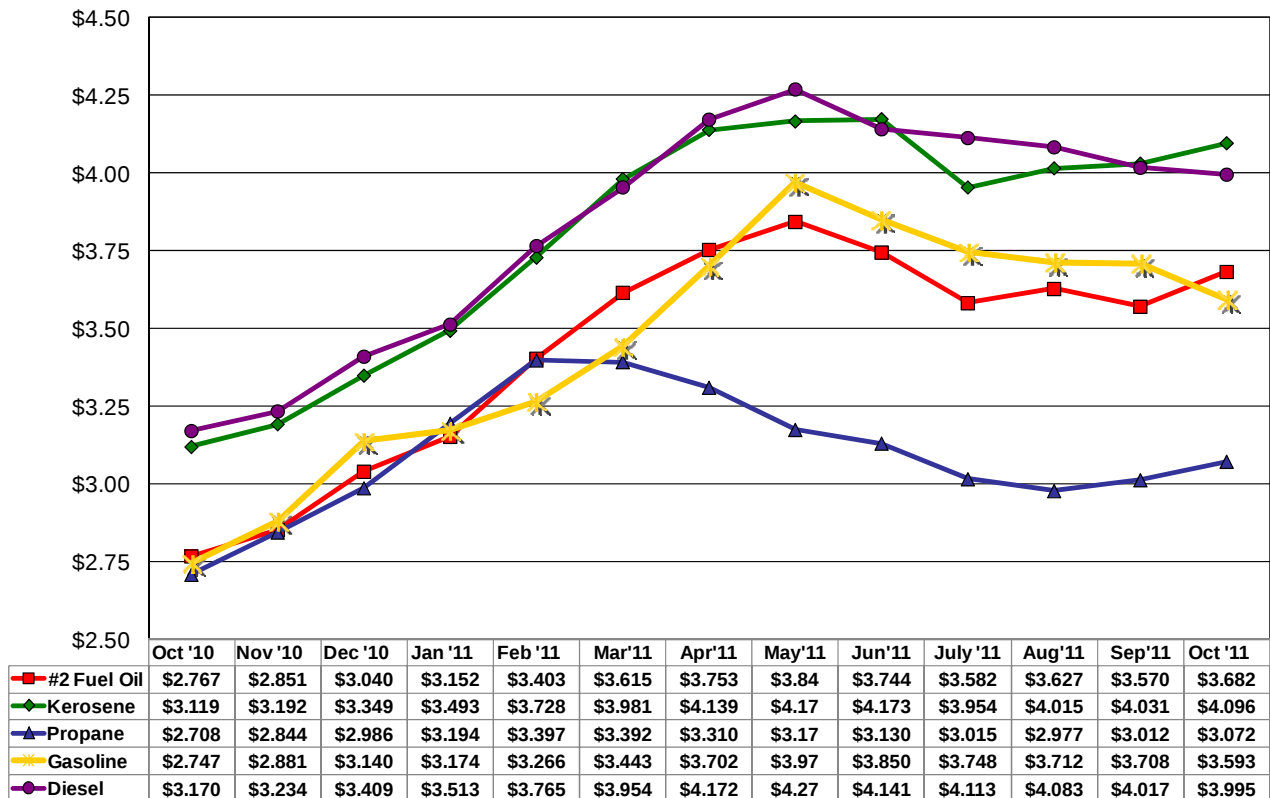


NOTE: The Vermont Fuel Price Report is published monthly by the Vermont Department of Public Service. Prices are collected on or about the first Monday of each month and reflect dealer discounts for cash or self-service, except propane prices, which are an average of the credit and discount price. Propane prices are based on 1,000 + gallons. For more information please contact Mike Kundrath at (802) 828-4081 or by email at michael.kundrath@state.vt.us.

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Vermont Fuel Prices -One-Year Trend
\$/gallon



Comparing the Cost of Heating Fuels

Type of Energy	BTU/unit	Adj Effic	\$/unit	\$/MMBtu
Fuel Oil, gallon	138,200	80%	\$3.68	\$33.30
Kerosene, gallon	136,600	80%	\$4.10	\$37.48
Propane, gallon	91,600	80%	\$3.07	\$41.92
Natural Gas, therm	100,000	80%	\$1.67	\$20.83
Electricity, kwh	3,412	100%	\$0.15	\$43.46
Wood, cord (green)	22,000,000	60%	\$180.00	\$13.64
Pellets, ton	16,400,000	80%	\$247.00	\$18.83

* The natural gas price is based on the rate effective 10/22/11