

Connecticut

MASTER

FINAL REPORT

STATE OF CONNECTICUT

MIDDLE DISTILLATE DATA COLLECTION PROGRAM

FOR THE PERIOD AUGUST 1, 1979 TO MAY 31, 1980

U.S. DEPARTMENT OF ENERGY

GRANT FOR NUMBER 2 HEATING OIL AND KEROSENE DATA COLLECTION PROGRAM

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This is the final program report of the Connecticut Office of Policy and Management-Energy Division pursuant to the fuel oil monitoring program instituted during the 1979-80 heating season.

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ACKNOWLEDGMENTS

The Office of Policy and Management-Energy Division wishes to thank the Connecticut fuel oil dealers and suppliers who lent their cooperation and participated in the biweekly surveys that are the basis of the monitoring program and this report.

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I BACKGROUND/INTRODUCTION

Number 2 fuel oil, also called home heating oil, is the principal fuel source for heating homes in the state of Connecticut. Kerosene, a light fuel oil, has limited use in mobil homes or as a blending stock to make #2 fuel oil flow more easily in the very cold winter months. Of the 1.1 million households in Connecticut, 800 thousand rely on fuel oil for home heating (central heat). Half a million of these also use it to heat their hot water. Maintaining an up-to-date surveillance of the price and supply of these vital fuels during the fall and winter is of critical importance to the state and its citizens.

Under a grant from the U.S. Department of Energy-Region I, the Connecticut Office of Policy and Management, Energy Division, conducted a heating oil monitoring program of Connecticut fuel oil suppliers and dealers. From August, 1979, through May, 1980, the Energy Division conducted a biweekly price and inventory survey for #2 fuel oil and kerosene.

The purpose of the survey has been to provide data necessary for the U.S. Department of Energy's Energy Information Administration to execute its role in monitoring cost and price movements within the U.S. petroleum industry and in performing analyses and projections related to energy supplies, demands, and prices for #2 fuel oil. The survey has also provided the state of Connecticut with a current, consistent, and reliable set of figures on heating oil prices and inventories and provided a mechanism for handling consumer inquiries concerning price and supply conditions.

II ABOUT THE SURVEY

The Energy Division utilizes a representative sample survey to generate price and inventory information generally descriptive of the state situation. At the onset of the heating season, the survey included 66 companies who had participated in past pricing surveys. The sample was expanded to 90 in December of 1979 in order to increase the reliability of our inventory data. Companies surveyed provided information only as applicable to their business. In other words, one company might only have provided retail price information while another might have provided retail price, wholesale price and inventory level. A breakdown of the number of companies responding to each aspect of the survey is presented below.

Of the 90 companies in the survey:

90	sell and/or store #2 oil
78	report #2 retail price
33	report #2 rack price
62	report #2 inventory
23	sell and/or store kerosene
11	report kerosene retail price
20	report kerosene rack price
22	report kerosene inventory.

In order to assure a good cross section of fuel oil dealers and obtain a more representative estimate of retail price, companies were placed into one of five strata based on annual retail sales volume of #2 fuel oil. Retail #2 prices are averaged and weighted using these strata. Each stratum is weighted based on the total number of companies in the state which fall into the retail sales volume range incorporated in that stratum. The number of companies by stratum and the weights were provided by DOE in an earlier year's survey. The strata, total number of companies by strata, number in the survey and weighting are outlined in Figure 1. We are reviewing this methodology in preparation for next year's survey.

The state was divided into six substate areas, and the sample company information was aggregated along these substate area lines to uncover substate differences in retail prices. These six substate areas are shown on the map on page 6, and their relationship to the state planning regions is described in Figure 2.

Each substate area is represented in the survey in proportion to its population. However, the sample in Substate Area V contains only two companies, making an average from the area unreliable. Other substate areas are more reasonably represented. All substate area samples may be expanded when we revise the survey this summer.

A weighting process for rack price (wholesale price) was not attempted since sufficient information on wholesale sales volumes was not available. As a result, only simple average rack prices were computed.

A recent questionnaire sent to oil companies was highly successful in identifying #2 storage capacity. The questionnaire was sent to 910 possible fuel dealers whose names were gathered from phone books, tank truck registrations, and oil meter registration files. Information on Prime Suppliers was gathered from a previous state survey. From these two questionnaires it was determined that 601 companies operate as fuel dealers or suppliers in Connecticut. This figure does not include companies which operate as subsidiaries, branches or other associates of another fuel company. Of these 601 companies, 40 percent or 241 have #2 storage facilities in the state.

For 86 companies included in 601 total, information beyond the fact of their existence was not confirmed. It has been assumed that we have accounted for virtually all of the #2 storage capacity in Connecticut. This assumption is based on the knowledge that those companies from whom information has not been collected consist mostly of either small companies with little or no storage or companies that are no longer active in the fuel business. Figure 3 contains our most recent storage capacity information for Connecticut. Based on the questionnaire results, our sample survey for #2 inventory levels includes companies owning or leasing 84 percent of the total state capacity. Inventories, as reported by the survey sample, were compared with the storage capacity of those companies to determine the percent of capacity utilized. That percent of capacity was applied to statewide storage capacity data to estimate statewide inventory volumes at biweekly intervals.

NOTE: The biweekly reported kerosene sample inventories summarized in this report, as well as the #2 sample inventories reported to DOE during the heating season, cannot be compared from one reporting period to the next, and hence cannot be plotted to show trends. This is because the number of companies reporting differed from week to week. The only comparison that can be made is from season to season since the same companies reported both figures during each survey. The statewide #2 inventory figures contained in this report can be used for comparison week to week and for trend purposes.

FIGURE 1

SURVEY SAMPLE WEIGHTING AS PROVIDED BY DOE AND USED IN 1979-80 MONITORING PROGRAM

STRATA	ANNUAL SALES VOLUME	TOTAL NUMBER OF COMPANIES	NUMBER OF COMPANIES SURVEYED	WEIGHT
1	10,000,000 gallons or more	11	11	1
2	5 - 10,000,000 gal.	16	7	2
3	1 - 5,000,000 gal.	143	33	4
4	200,000 - 1,000,000 gallons	212	12	20
5	200,000 gallons or less	43	2	10

Also surveyed are 15 prime suppliers and 10 unstratified companies.

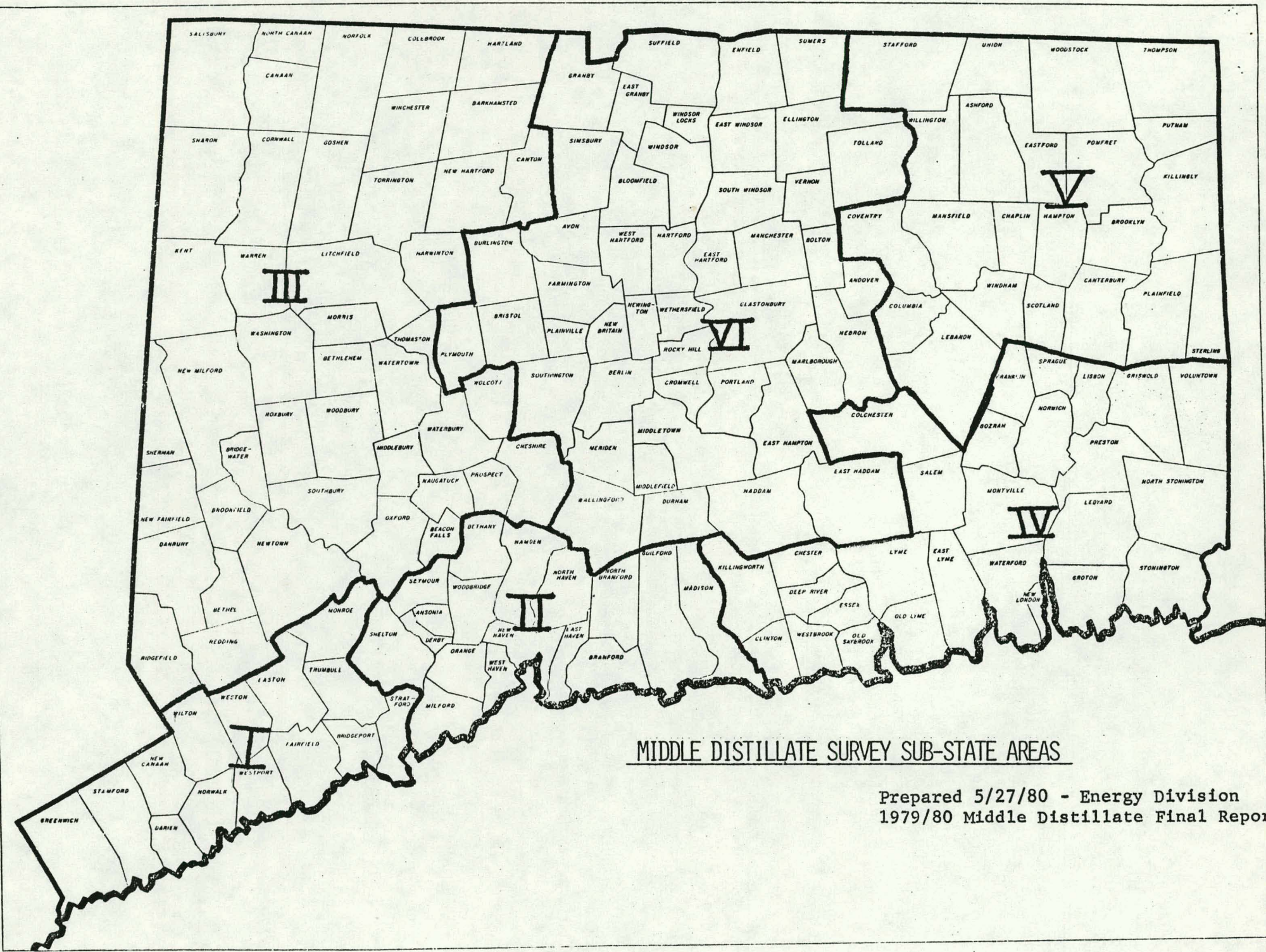
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DEFINITION OF SUB-STATE AREAS

<u>AREA</u>	<u>GEOGRAPHIC AREAS</u>	<u>% OF POPULATION</u>
I	South Western and Greater Bridgeport Planning Regions	20.8%
II	South Central Connecticut (except Meriden and Wallingford) and Valley Planning Regions	15.9%
III	Northwestern Connecticut, Litchfield Hills, Housatonic Valley, and Central Naugatuck Valley Planning Regions, and the town of Canton	15.9%
IV	Southeastern Connecticut and Connecticut River Estuary Planning Regions	8.9%
V	Northeastern Connecticut and Windham Planning Regions and the towns of Stafford and Union	4.6%
VI	Capitol, (except Canton) Central Connecticut and Midstate Planning Regions and the towns of Meriden and Wallingford	33.9%

FIGURE 2

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MIDDLE DISTILLATE SURVEY SUB-STATE AREAS

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FIGURE 3

OPM-ENERGY DIVISION
Prepared: 5/20/80

#2 FUEL OIL STORAGE CAPACITY OF CONNECTICUT PRELIMINARY DATA¹

<u>TOTAL STATE CAPACITY</u>	421,305,015
PRIMARY	280,874,380
SECONDARY	88,098,635
OTHER	52,332,000
<u>TOTAL SURVEY CAPACITY</u>	355,696,472
PRIMARY	254,857,772
SECONDARY	59,781,700
OTHER	52,332,000

We presently survey companies owning or leasing: 84.4% of the total State capacity,
90.3% of the Primary capacity,
67.9% of the Secondary capacity.

Primary is defined as those facilities owned by Connecticut's #2 oil Prime Suppliers.
Secondary is defined as all other storage facilities except those (which we survey) that are operated only as tank farms.

¹Storage capacity of one prime company has not yet been confirmed. We have used a figure for that company from the 1976 NEEMIS Bulk Storage List.

III PROBLEMS ENCOUNTERED THIS YEAR AND OPPORTUNITIES FOR NEXT YEAR

We have identified problems in the areas of: determining weighted average retail price; inadequate sample representation in certain substate areas (number of dealers surveyed) to generate reliable information for those areas; lack of adequate baseline data for using a survey sample to generate sales/delivery data.

We have begun a spring and summer program to refine our survey. Our basis for refinement of the survey rests on two major undertakings. The first is a survey of all fuel oil dealers in the state. The second undertaking is a comprehensive revision and reevaluation of the survey sample and the related methodology.

The oil dealer survey will be used to generate accurate baseline information about the fuel oil industry in Connecticut. Some of the elements covered are:

- number of companies selling oil
- the marketing area of each company
- marketing activities; i.e., retail/wholesale, fuel types
- sales volume
- storage capacity characteristics.

The results of this overall survey will be summarized and then used as the basis of further revisions and reevaluations to the sample survey.

A revised sample survey methodology will be developed during the summer months and should be ready for implementation by next heating season. While the specifics of this have not yet been determined, some of the general elements to be included are:

- identifying a more representative stratified sample
- adding or deleting companies to our current sample to bring the survey into compliance with our needs
- determining a method of generating biweekly sales/deliveries data.

Our objective is to eliminate the problems we have encountered this past season and improve the utility of the findings for our use and for DOE as well.

IV PRICE

No. 2 Fuel Oil

Retail price is the price charged by the dealer to the end user, e.g., the homeowner. Retail #2 oil prices climbed 16.8¢ between August 31, 1979, and May 19, 1980. Most of this increase (80%) occurred between mid-December and mid-March when the price rose 13.3¢ from 86.6¢ to 99.9¢ a gallon. The price then leveled off as the season drew to a close gaining only 0.4¢ in the last two months, Table 1, Chart 1. The substate area comparison of retail prices is contained on Table 2 and Chart 2.

The amount of increase in retail price from late November to May this year, 13.9¢ per gallon, is about the same as the amount of increase over the same period the previous year, 13.5¢ per gallon (see Table 1). However, from the beginning of May of 1979 to mid-December, 1979, prices increased 20.5¢ (see Table 1). Based on prior year's survey results, the increase from May of 1978 to December, 1978, was only about 5¢ per gallon.

Rack price is the price charged by a supplier to a dealer for fuel picked up at the supplier's terminal. It is the wholesale price. Rack prices followed a curve this past heating season similar to that for retail price, progressing from 70.8¢ per gallon in mid-September to 82.1¢ per gallon at the end of May with 92% of the increase occurring between mid-December and mid-March, Table 3, Chart 3.

Retail margin is the difference between what a dealer pays for his oil and what he sells it for. Between January, 1978, and January, 1979, Energy Division data suggests that retail margins increased from 12.5¢ to 15.6¢ per gallon, an average of 3.1¢ per gallon. By January, 1980, the apparent average retail margin was 18.7¢ per gallon, reflecting another 3.1¢ increase. During these same periods, weighted average #2 fuel oil prices rose from 50.4¢ to 55.7¢ to 91.0¢ per gallon, increases of 5.3¢ and 35.3¢ respectively. Between January, 1978, and January, 1979, the average wholesale posted price at New Haven terminals increased 2.2¢ per gallon, from 37.9¢ to 40.1¢. In January, 1980, that price was 72.3¢, an increase of 32.2¢ per gallon since January, 1979 (see Figure 4). Examining average retail margins from another source of information, between August, 1979, and May, 1980, a comparison between the weighted average retail price for #2 fuel and the average rack price shows an increase of 2.9¢ from 15.3¢ to 18.2¢ per gallon, with most of that increase coming in December and January.

Looking at fuel oil price increases also requires an examination of crude oil price increases. Table 4 shows the increases in refiners' average crude oil acquisition costs during this past heating season. Chart 4 outlines the relationship between crude oil costs, #2 average rack prices and #2 weighted average retail prices. The retail trend line mirrors the rack price trend line very closely, while the crude oil cost trend line tracks a similar course shifted slightly to the left. This suggests a delay between the time a refiner accrues increased costs and when those costs show up in product prices.

Examining the relationship among all these factors can help put #2 fuel oil price increases in the proper perspective. Only a small part of the increase in #2 fuel retail prices is attributed to increases in retail margins. It is the increase in wholesale prices that has been the overwhelming driving force behind increased retail prices. Diminished end-user demand for fuel oil this year had no apparent dampening effect on wholesale price increases. Other factors appear to be determining the wholesale price movement, including price increases in both foreign and domestic crude oil, increased demand for other distillate products and uses, general inflation and increases in non-crude costs.

Kerosene

Kerosene retail prices rose 14¢ over the period between December, 1979 and May, 1980, climbing from 94¢ to 108¢ per gallon. Most of the increase occurred within two separate jumps: the first and smaller of the two came in December (2.9¢) and the second between the end of January and the beginning of March (8.1¢). The kerosene rack price also gained close to 14¢ in the same six-month period, following a similar but slightly less convex curve, Table 5, Chart 5. The relation between retail price increases and wholesale increases corresponds to that of #2 fuel oil.

TABLE 1

#2 HEATING OIL RETAIL PRICE SUMMARY
(in cents per gallon)

<u>DATE</u>	<u>RANGE</u>	<u>WEIGHTED AVERAGE</u>	<u>AVERAGE THIS PERIOD LAST YEAR</u>	<u>% CHANGE FROM LAST YEAR</u>
8/31/79	76.0-89.8	83.5	NA	NA
9/17/79	80.0-90.9	85.3	NA	NA
9/27/79	80.0-90.9	85.9	NA	NA
10/15/79	80.0-90.9	85.9	NA	NA
10/29/79	78.5-90.9	86.1	NA	NA
11/13/79	79.5-90.9	85.7	NA	NA
11/26/79	79.5-90.9	86.4	54.8	57.7
12/11/79	80.0-90.9	86.6	55.3	56.6
12/26/79	84.9-93.9	88.9	55.6	59.9
1/08/80	85.7-94.9	91.0	55.8	63.1
1/21/80	86.4-96.5	92.2	56.7	62.6
2/04/80	89.0-98.9	95.6	57.3	66.8
2/19/80	89.6-100.9	97.9	59.2	65.4
3/03/80	89.6-103.0	99.3	61.1	62.5
3/17/80	89.6-104.0	99.9	62.3	60.4
3/31/80	89.6-104.9	100.0	62.9	59.0
4/14/80	89.6-104.9	100.2	63.9	56.8
4/28/80	89.6-104.9	100.1	66.1	51.4
5/19/80	92.9-108.0	100.3	68.3	46.8

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CHART 1

2 HEATING OIL - RETAIL PRICE

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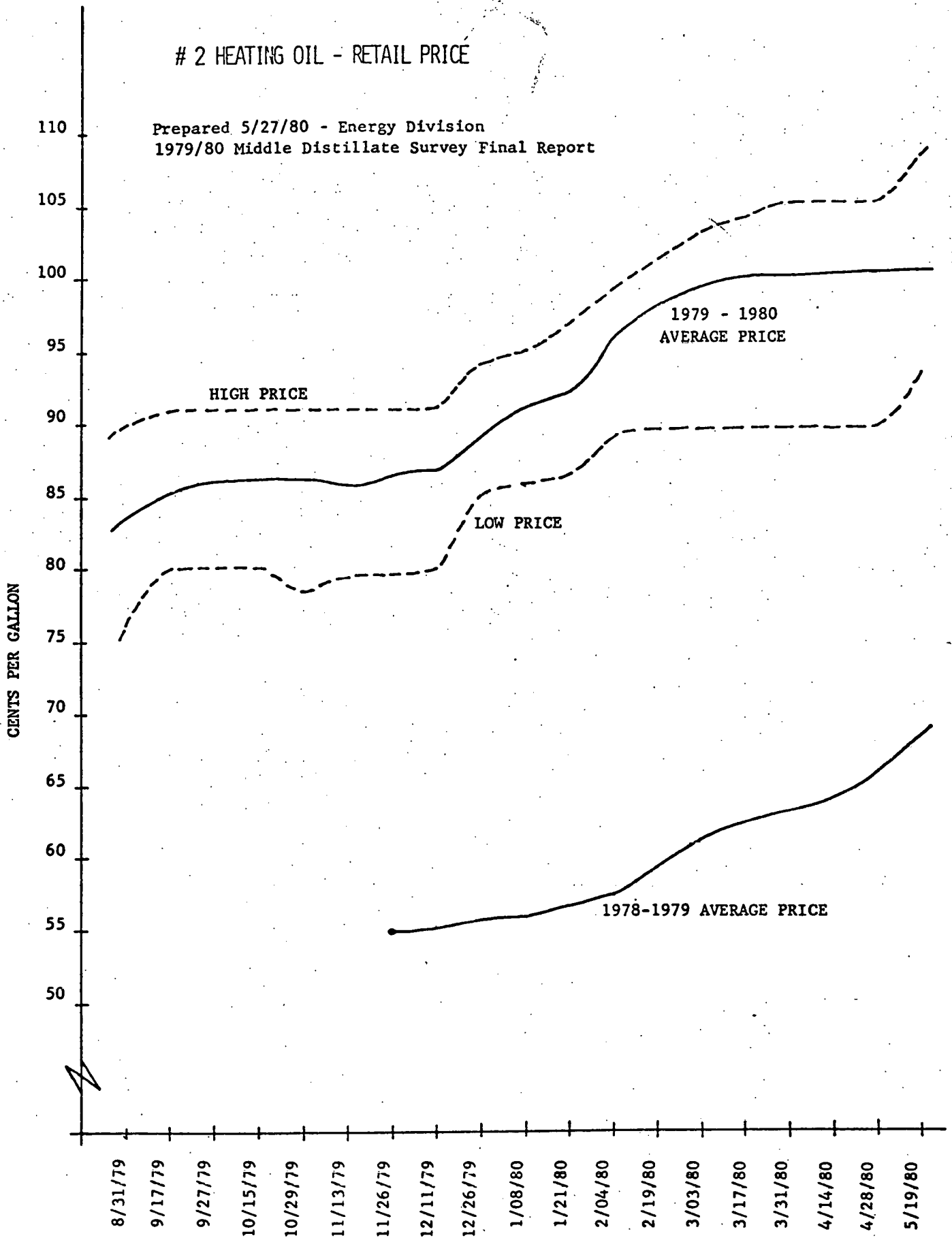


TABLE 2'

#2 HEATING OIL AVERAGE RETAIL PRICE
CONNECTICUT SUB-STATE REGIONAL BREAKDOWN
(in cents per gallon)

<u>DATE</u>	<u>REGION I</u>	<u>REGION II</u>	<u>REGION III</u>	<u>REGION IV</u>	<u>REGION V</u>	<u>REGION VI</u>
8/31/79	81.6	86.3	84.7	83.4	82.7	83.9
9/17/79	83.2	88.8	87.3	85.4	83.7	86.5
9/27/79	83.7	89.2	87.5	86.6	84.5	87.0
10/15/79	83.0	89.1	87.9	86.4	84.5	87.1
10/29/79	83.7	89.1	88.0	86.6	86.3	87.1
11/13/79	82.8	89.2	88.2	86.9	88.3	87.3
11/26/79	83.7	89.0	88.3	87.6	88.3	87.7
12/11/79	83.5	89.2	90.2	88.4	89.3	87.9
12/26/79	87.4	93.2	90.7	90.2	91.3	89.4
1/08/80	88.0	93.2	92.8	91.5	93.8	91.5
1/21/80	90.1	93.7	92.6	92.8	96.5	92.8
2/04/80	93.1	96.7	95.4	95.4	95.9	95.5
2/19/80	94.3	99.6	97.9	99.2	98.5	98.5
3/03/80	95.2	102.1	99.2	100.7	99.5	99.7
3/17/80	95.9	102.7	99.6	100.7	100.0	100.3
3/31/80	96.1	103.1	99.9	100.7	101.0	100.4
4/14/80	96.4	103.1	100.1	100.7	101.0	100.4
4/28/80	96.3	103.1	99.7	100.3	101.0	100.4
5/19/80	97.3	103.1	100.8	100.2	101.0	100.6

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CHART 2

2 HEATING OIL - RETAIL PRICE CONNECTICUT REGIONAL BREAKDOWN

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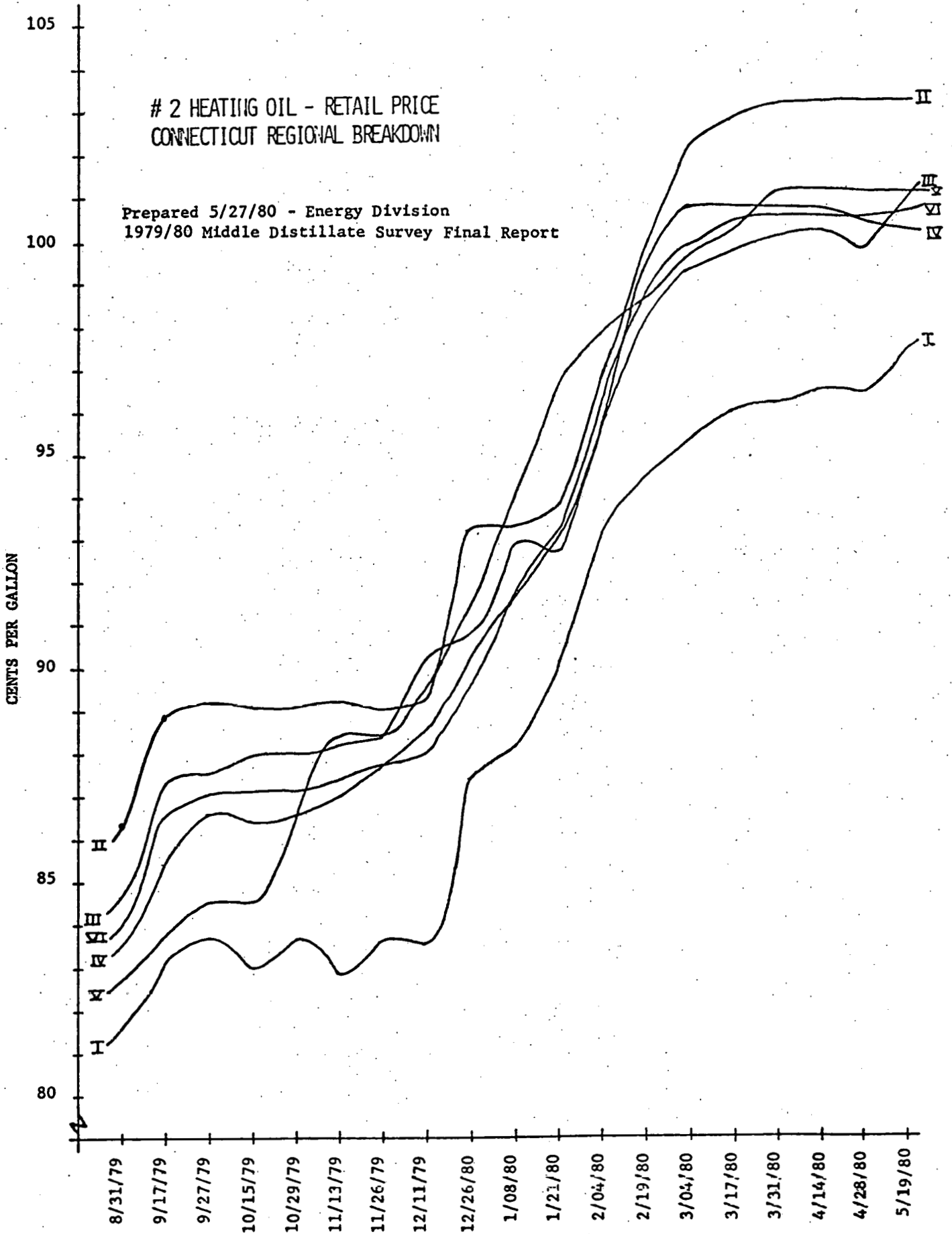


TABLE 3

#2 HEATING OIL RACK PRICE SUMMARY
(in cents per gallon)

<u>DATE</u>	<u>HIGH</u>	<u>LOW</u>	<u>AVERAGE</u>
8/31/79	NA	NA	NA
9/17/79	76.7	65.2	70.8
9/27/79	76.4	64.7	70.6
10/15/79	76.7	64.7	70.5
10/29/79	76.7	62.7	70.8
11/13/79	76.4	62.7	71.6
11/26/79	75.3	62.7	71.6
12/11/79	76.7	60.9	71.1
12/26/79	79.2	66.9	73.1
1/08/80	79.7	65.9	74.0
1/21/80	80.8	68.7	75.5
2/04/80	82.8	71.9	77.6
2/19/80	85.7	72.1	80.0
3/03/80	87.7	72.1	81.1
3/17/80	88.0	72.1	81.5
3/31/80	88.7	72.1	81.7
4/14/80	88.7	72.1	81.6
4/28/80	88.7	72.5	81.8
5/19/80	88.7	77.7	82.1

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CHART 3

2 HEATING OIL - RACK PRICE

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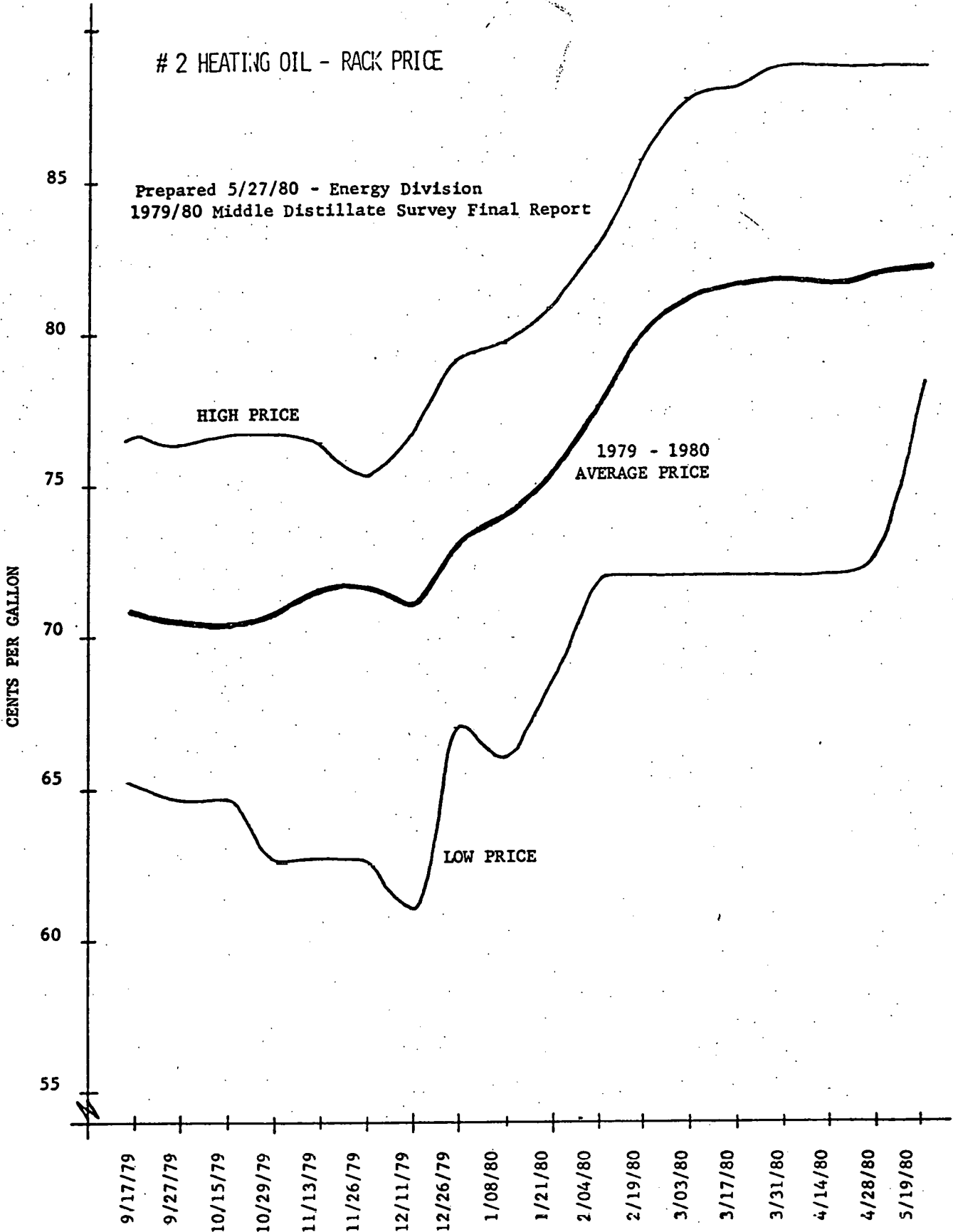


FIGURE 4

#2 FUEL OIL - RETAILER MARGINS - IN CENTS PER GALLON

<u>DATE</u>	<u>RETAIL¹ PRICE</u>	<u>ESTIMATED² ACQUISITION PRICE</u>	<u>GROSS MARGIN</u>	<u>G.M. AS % OF RETAIL PR.</u>	<u>GROSS CHANGE IN MARGIN</u>	<u>% CHANGE IN G.M.</u>	<u>CHANGE IN G.M. AS % OF RETAIL PR.</u>
January 1978	50.4¢	37.9¢	12.5¢	24.8%			
January 1979	55.69¢	40.13¢	15.56¢	27.9%	+ 3.06	+ 24.5%	+ 3.1%
January 1980	91.0¢	72.3¢	18.7¢	20.5%	+ 3.14	+20.2%	- 7.4%

¹OPM-Energy Division, Bi-weekly Middle Distillate Survey.

²Platt's Oilgram Price Report, Vol. 58, No. 1, McGraw-Hill Publishing Company, January 2, 1980; and Vol. 2, No. 2, January 4, 1979.

Platt's Oil Price Handbook - 1978 Prices, McGraw-Hill Publishing Company, 1979, Page 66.

Prepared 1/9/80, Connecticut Energy Division
1979/80 Middle Distillate Survey Final Report

TABLE 4

U.S. REFINER AVERAGE CRUDE COSTS (in cents per gallon)

AUGUST 1979	47.0
SEPTEMBER 1979	48.0
OCTOBER 1979	49.2
NOVEMBER 1979	52.5
DECEMBER 1979	56.3
JANUARY 1980	59.1
FEBRUARY 1980	62.2
MARCH 1980	63.0*
APRIL 1980	63.0*
MAY 1980	65.0*

* Prices for March, April, and May 1980 are OPM-Energy Division staff estimates.

Source: Platta Oilgram Price Report, McGraw-Hill.
Data appeared in issues: 11/1/79, 12/4, 1/9/80, 2/5, 3/6, 3/26, 5/1.

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CHART 4

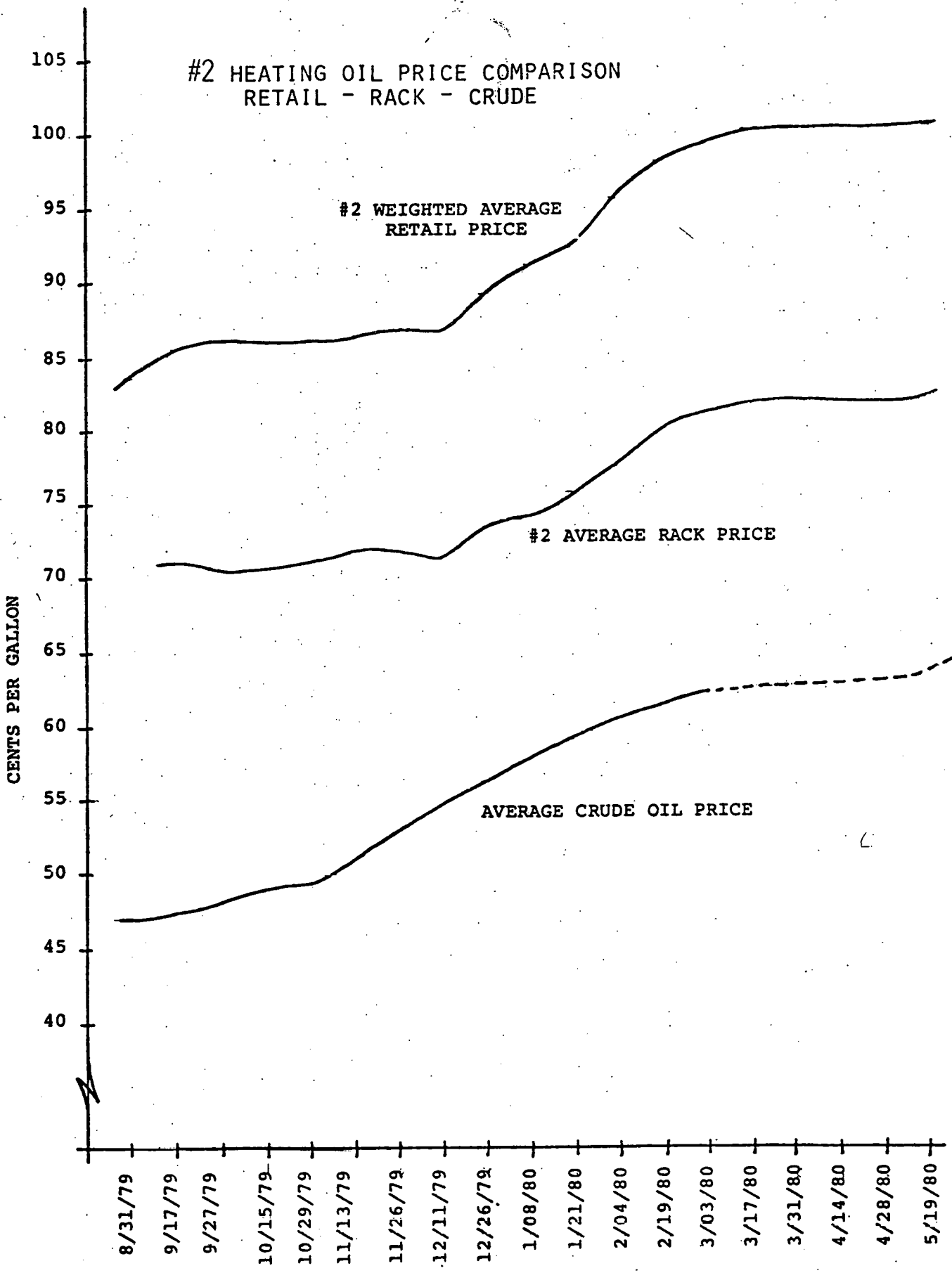


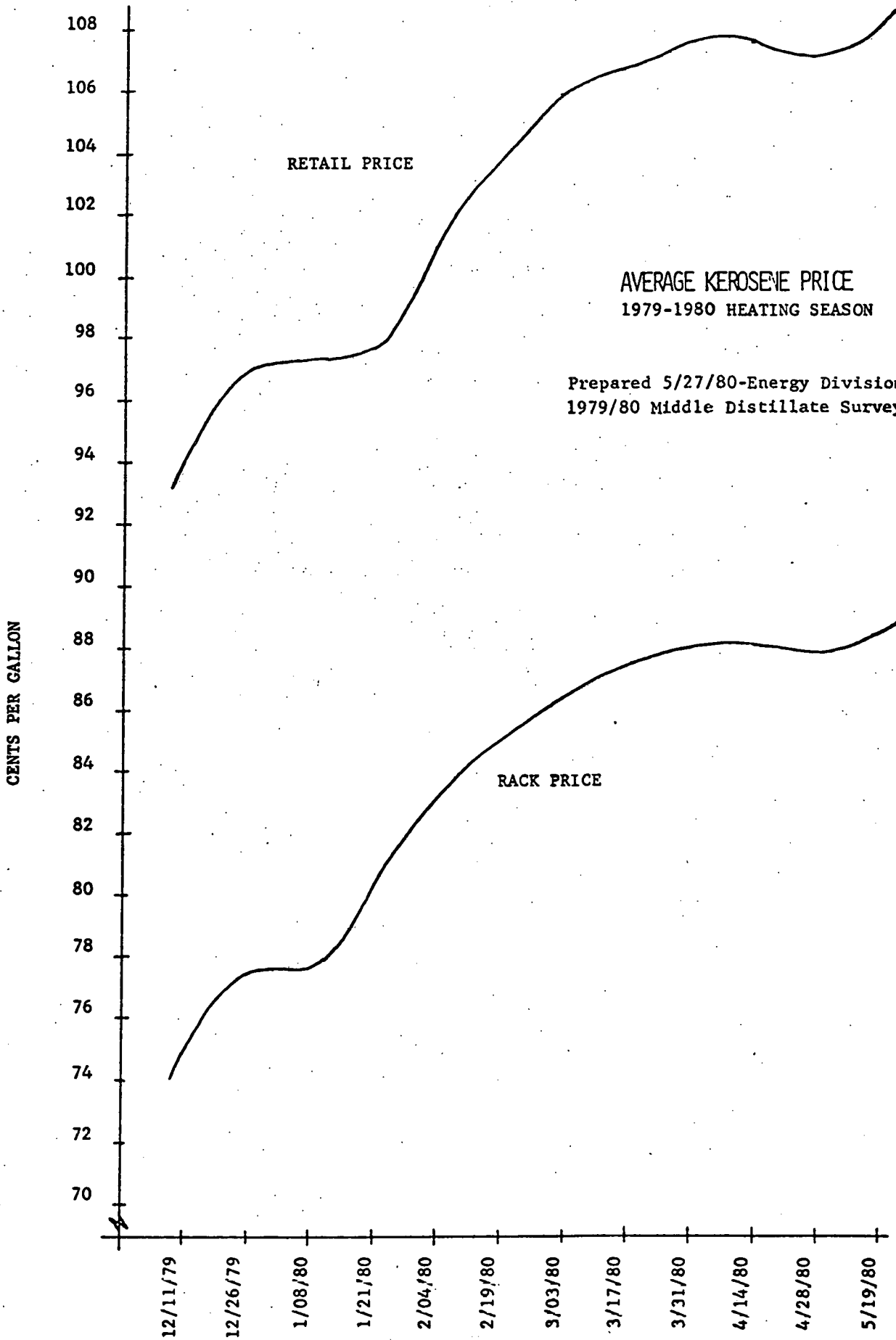
TABLE 5

KEROSENE PRICE SUMMARY
(in cents per gallon)

DATE	RETAIL PRICE		RACK PRICE	
	RANGE	AVERAGE	RANGE	AVERAGE
12/11/79	82.4-99.9	94.0	64.9-81.8	74.7
12/26/79	84.4-104.0	96.9	70.9-88.8	77.5
1/08/80	88.4-104.0	97.3	68.7-84.8	77.5
1/21/80	90.4-104.0	97.7	71.7-90.7	80.4
2/04/80	94.4-109.0	100.9	75.9-90.7	83.0
2/19/80	93.6-113.0	103.7	76.1-92.3	85.1
3/03/80	93.6-117.0	105.8	76.1-96.0	86.4
3/17/80	93.6-117.0	106.7	76.1-96.0	87.4
3/31/80	93.6-119.0	107.5	76.1-103.0	88.0
4/14/80	93.6-119.0	107.5	76.1-99.8	88.0
4/28/80	93.6-119.0	106.9	76.5-98.0	87.8
5/19/80	102.9-119.0	108.0	82.7-98.0	88.4

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CHART 5



V INVENTORIES

Inventory and storage capacity figures have been separated into primary, secondary, and overall totals. For the purpose of our survey, Primary is defined as the inventory/capacity reported by Connecticut's Prime Suppliers, Prime Suppliers being those companies that make the first sale of fuel oil into the state. This would include major oil companies and other smaller refiners and importers. Secondary is defined as the inventory/capacity reported by all other companies except those that operate as tank farms. A tank farm, for our purposes, is any company with storage tanks in Connecticut that leases out the space to other companies but who is not itself in the business of buying, selling, or storing its own oil in those facilities. Overall inventory/capacity includes primary, secondary, and tank farm totals. This does not represent double counting of inventory figures.

Home heating oil inventories in Connecticut began the season in October approximately 20 percent below last year's reported storage level. By November, however, storage had risen above last year. It remained high for the rest of the season with the exception of a period in January when the overall total dropped below last year's storage level. It was at this time that the primary/secondary differentiation was begun. The primary inventory level is responsible for the January drop. Secondary storage remained well above the previous season during this period. There is insufficient information to determine whether this year's January primary inventories were too low or whether last year's inventories were abnormally high for January.

The statewide #2 inventory information is presented on Table 6 and Charts 6A, 6B, and 6C.

Kerosene inventories for our sample were high throughout the season. They were consistently above last year's reported inventories despite several companies leaving the kerosene market in Connecticut.

The primary, secondary and overall kerosene inventories for only the sample of companies for this and last year is shown in Table 7. No statewide extrapolation was attempted because statewide total storage capacity figures were not available. Apparently, companies have storage tanks that are not used exclusively for kerosene, and thus capacity figures fluctuate.

#2 HEATING OIL - STATEWIDE INVENTORIES
(in millions of gallons)

DATE	1978-1979 HEATING SEASON			1979-1980 HEATING SEASON		
	PRIMARY	SECONDARY	OVERALL	PRIMARY	SECONDARY	OVERALL
9/27	NA	NA	376.2	NA	NA	240.1
10/15	NA	NA	291.5	NA	NA	251.9
10/29	NA	NA	246.9	NA	NA	244.4
11/13	NA	NA	263.3	NA	NA	266.3
11/29	NA	NA	235.5	NA	NA	294.9
12/10	NA	NA	253.2	NA	NA	280.2
12/24	NA	NA	219.9	NA	NA	259.1
1/07	151.1	38.1	252.8	130.1	55.7	245.2
1/21	166.0	35.9	228.3	130.1	49.2	210.7
2/04	119.4	27.9	161.4	96.1	55.0	190.8
2/19	89.6	32.2	138.6	116.3	45.5	192.5
3/04	45.2	24.7	76.7	62.9	43.9	131.4
3/17	49.2	24.9	92.3	79.8	36.5	140.7
3/31	62.6	18.9	93.1	69.4	34.2	117.5
4/14	49.7	14.0	85.9	71.1	30.2	128.1
4/28	51.1	16.2	83.0	88.5	26.4	150.4
5/19	43.5	18.7	88.1	74.7	42.6	166.8

TABLE 6

CHART 6A

TOTAL CAPACITY = 421.3 MILLION GALLONS

2 HEATING OIL - TOTAL INVENTORY

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MILLIONS OF GALLONS

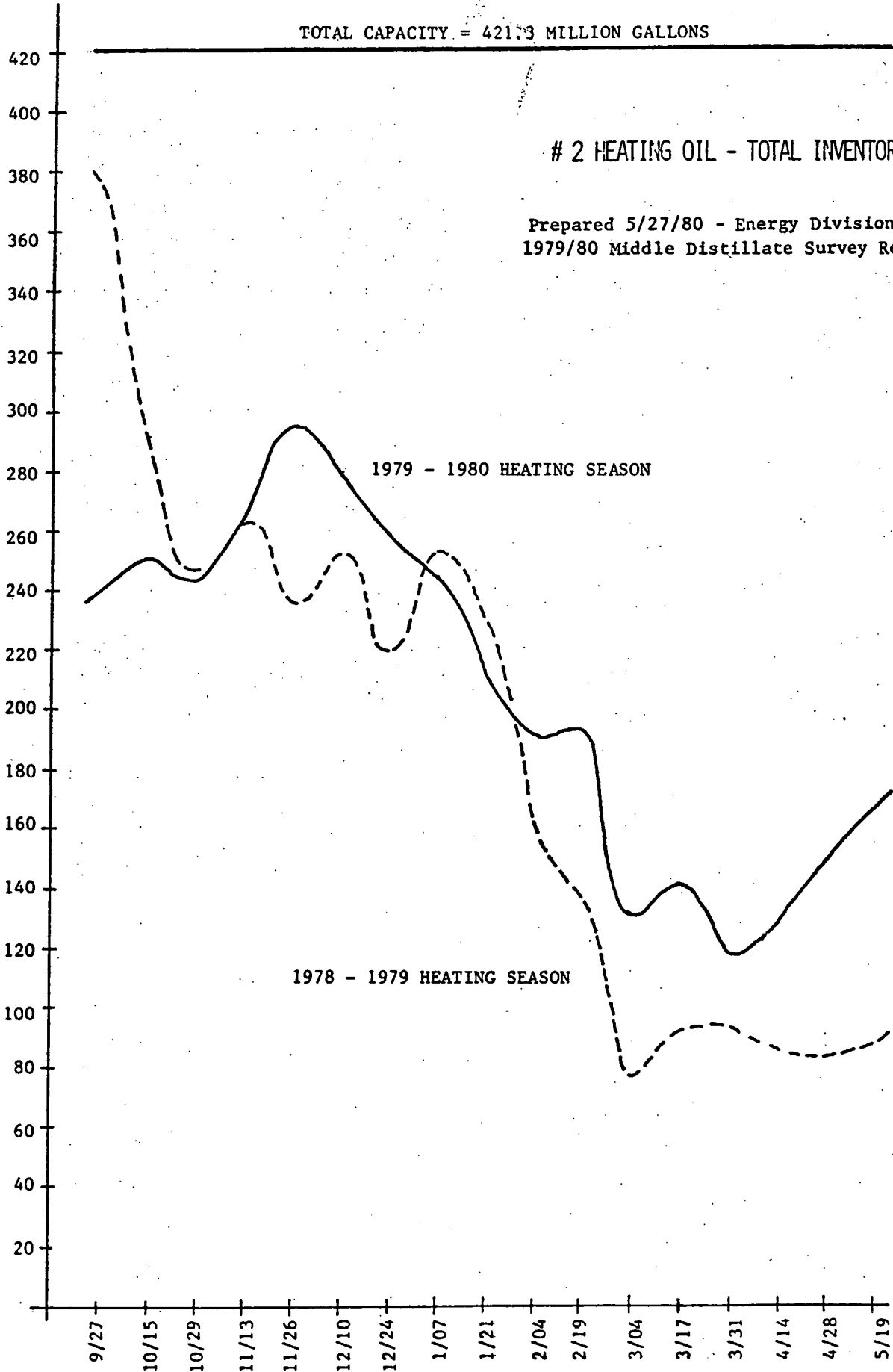


CHART 6B

2 HEATING OIL - PRIMARY INVENTORY
(IN MILLIONS OF GALLONS)

PRIMARY CAPACITY = 280.9 MILLION GALLONS

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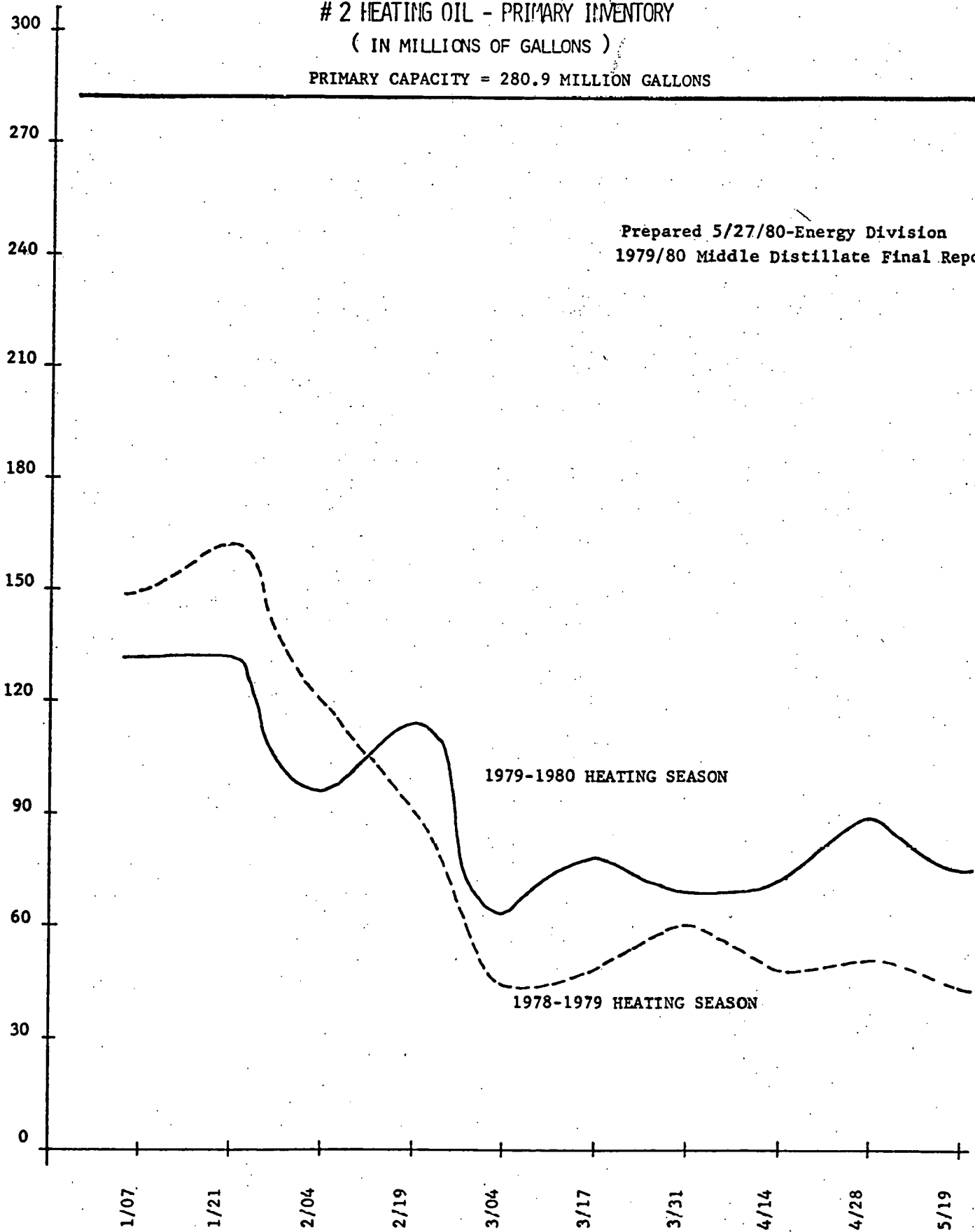


CHART 6C

2 HEATING OIL - SECONDARY INVENTORY (IN MILLIONS OF GALLONS)

SECONDARY CAPACITY = 88.1 MILLION GALLONS

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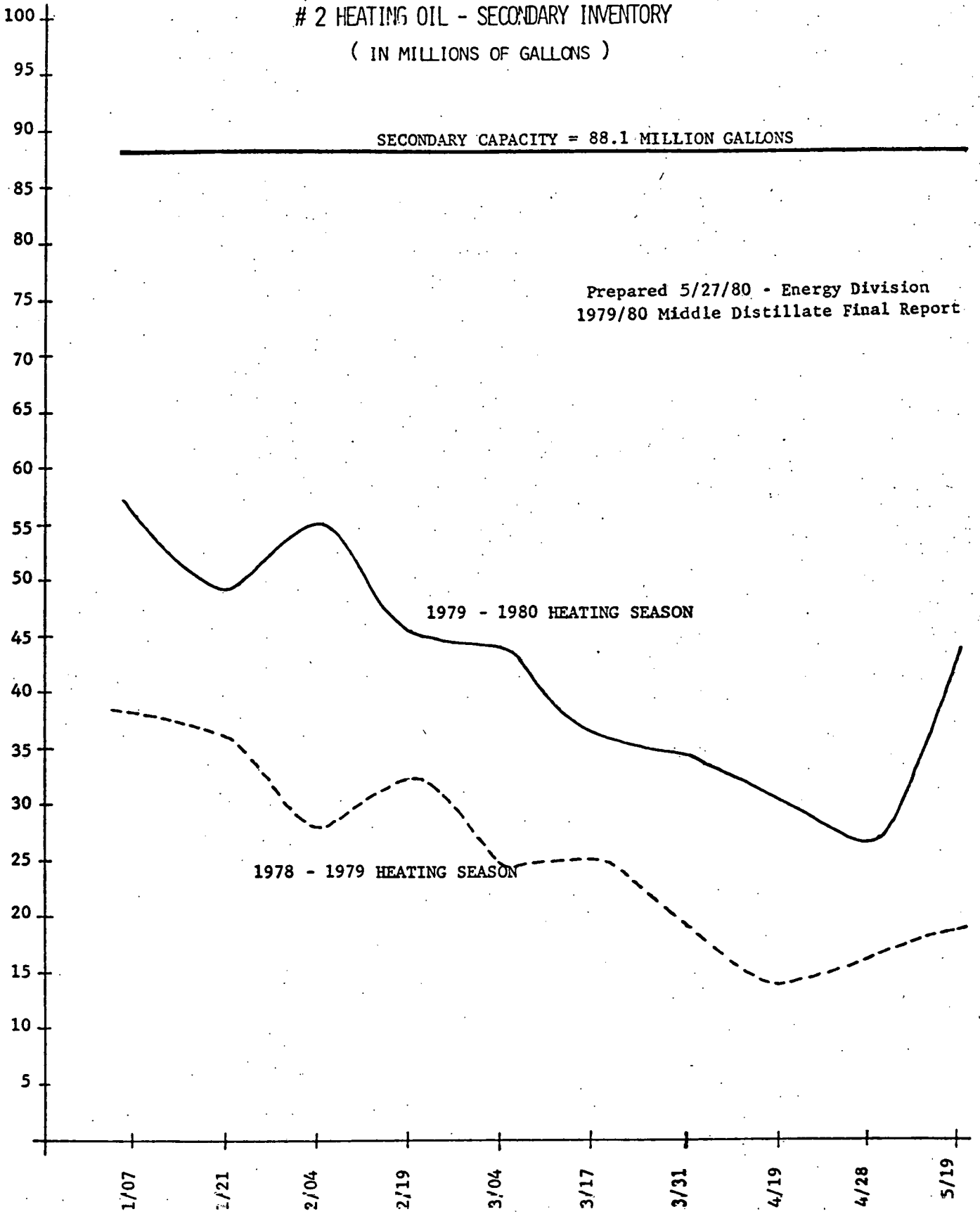


TABLE 7

KEROSENE INVENTORY SUMMARY

<u>DATE</u>	<u>CURRENT INVENTORY*</u> <u>(Millions of Gallons)</u>	<u>YEAR AGO INVENTORY*</u> <u>(Millions of Gallons)</u>	<u>% CHANGE</u>
12/11/79	1.5	1.1	+ 36.4
12/26/79	1.5	0.6	150.0
1/08/80	3.3	1.9	73.7
1/21/80	4.1	3.0	36.7
2/04/80	3.3	2.1	57.1
2/19/80	6.3	1.6	293.8
3/03/80	3.9	2.6	50.0
3/17/80	4.9	2.5	96.0
3/21/80	3.9	2.7	44.4
4/14/80	5.5	3.3	66.7
4/28/80	2.3	1.2	91.7
5/19/80	2.4	1.6	50.0

* Represents inventory held only by the dealers surveyed. No attempt has been made to extrapolate this data to a statewide inventory figures.

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VI SALES/DELIVERIES

During the course of the winter, we periodically conducted informal surveys with dealers in an attempt to determine what was happening in relation to sales and deliveries. All dealers indicated a drop off in demand this season with some citing only a 7 percent decline and others reporting a 35 percent decrease. A 20-25 percent fall off in sales was the most common response. Dealers mentioned a number of reasons for this decline, among them being weather, conservation, and fuel switching.

Weather was the most common reason mentioned for the decline in demand. The 1979-1980 heating season was unusual both in relation to last year and to normal weather patterns. This heating season has seen a cooler-than-normal autumn and a warmer-than-normal winter, with the season averaging out at approximately 5 percent warmer than last year. However, the three month period of December through February was 11 percent warmer than last year. As this period represents the bulk of the normal heating season, this 11 percent drop in heating requirements represents a truer picture of the effect the mild weather has had on sales and deliveries. Of the remaining 10-15 percent decline in demand, all or most of this can be attributed to an increase in conservation techniques and heating system conversions.

While this decline in sales explains the large inventory levels encountered throughout the season, the downward pressure on price which would normally accompany such a situation materialized only in the spot markets.

Monthly sales information as reported by industry sources has been included in Table 8.

TABLE 8

#2 SALES/DELIVERIES*

<u>MONTH</u>	<u>#2 HEATING OIL SALES</u> (in 000's of gallons)	<u>% CHANGE FROM</u> <u>SAME MONTH</u> <u>PREVIOUS YEAR</u>
August 1979	37,357	- 6.1
September 1979	42,818	+ 0.8
October 1979	56,442	+ 42.0
November 1979	55,927	- 11.7
December 1979	69,619	- 22.8
January 1980	131,481	+ 12.1
February 1980	109,697	- 2.0
March 1980	65,664	- 10.4

*Gathered from industry sources.

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