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STATE HEATING OIL and PROPANE PRICE SURVEY

A Review of Winter 1995/96

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Compiled by the Massachusetts Division Of Energy Resources

Heating Oil

Thirty heating oil dealers serving Massachusetts customers were surveyed on a bi-weekly basis to monitor heating oil prices. Most of these dealers were located within Massachusetts; several dealers who served Massachusetts customer from neighboring states were also surveyed.

Heating oil prices remained relatively low this past winter. Prices began the year at an average of under 88 cents per gallon. Prices climbed slowly during the fall, reaching 94.5 cents by the middle of December. The previous winter had been 15% warmer than average. This winter despite heavy snow fall and colder temperatures, supplies were adequate without any reports of fuel shortages.

Summary of Heating Oil Prices: Fall of 1995

	Oct 2	Oct 16	Nov 6	Nov 20	Dec 4	Dec 18
High	99.9	99.9	99.9	101.9	102.9	104.9
Low	72.0	72.0	74.0	77.0	75.0	73.0
Average	87.3	87.4	88.2	89.2	90.2	94.5

Note: prices in the table are based on a survey of 30 dealers. Prices are a simple average, not weighted according to volume of sales.

The January / February period saw a seasonal rise in prices, with averages reaching the dollar level by mid-January. The typical seasonal pattern held through mid-February, as prices began to decline.

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Beginning in late February, however, a counter-seasonal price increase occurred. This price rise was due to a late season cold-snap, which increased the demand for oil. Many dealers carried a lower inventory into the late winter. This was because late winter 1995 had been warm; many dealers, who were caught with ample stocks and falling prices in the spring of 1995, did not want to repeat the previous year's mistake. As a result, the strong demand for oil in March led to an upswing in prices. Heating oil reached its highest price of the year in mid-March at 106.1 per gallon.

Summary of Heating Oil Prices: Winter of 1996

	Jan 1	Jan 15	Feb 5	Feb 19	Mar 4	Mar 18
High	108.9	110.0	110.0	115.9	115.9	120.0
Low	87.9	88.0	88.0	88.0	88.0	88.0
Average	98.1	100.4	99.0	101.9	103.0	106.1

Propane Prices

To survey propane prices we called 15 dealers located in, or serving, Massachusetts customers. The price quotes were for space heating using propane. As with the heating oil, the averages do not weight the dealer's prices according to volume, but are a simple average of the prices per gallon.

Propane prices began the heating season in October at 115.3 cents per gallon. Prices remained stable for the first half of the season, rising to only 119.3 by the beginning of January. January and February saw substantial price increases; the season's peak was hit during the first week of March, at 130.0 per gallon. During the late February / March period, dealers noted extra demand from customers and increasing prices from the Pipeline distributors. Dealers said that they had to pass these increases along to their customers.

Supply problems were over by the middle of March. Unlike the heating oil, the late season cold snap did not cause supply problems into the middle of March. Propane prices declined into the middle of March, ending the year at 127.8 per gallon.

Summary of Propane Prices: Fall of 1995

	Oct 2	Oct 16	Nov 6	Nov 20	Dec 4	Dec 18
High	135.9	138.9	146.9	143.9	148.9	148.9
Low	101.9	101.9	101.9	101.9	101.9	104.9
Average	115.3	115.5	116.0	115.9	116.5	117.2

Summary of Propane Prices: Winter of 1996

	Jan 1	Jan 15	Feb 5	Feb 19	Mar 4	Mar 18
High	152.9	158.9	165.9	175.9	176.9	176.9
Low	109.9	112.9	114.0	119.0	119.0	115.0
Average	119.3	122.4	124.4	129.5	130.0	127.8