

CITIZEN ACTION FUEL GROUP NEWS 2006

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Welcome to Citizen Action Fuel Group's 20th year of service and savings! We began in 1986, contracting with fuel dealers in Broome and Oneida counties to provide lower fuel prices to social service agency customers.

Over the past 20 years we have expanded our coverage and opened our membership to all heating oil customers in 20 counties across New York State. We have 5,000 members and we are working to expand our coverage area. Our mission is the same as it was when we began: to save our members money on heating fuel.

Thank you for being a part of CAFG. We look forward to serving you for another season.

Kizzianne Casale
Operations Manager

Beth Jochum
Fuel Group Assistant

HEATING SEASON 2005-2006 IN REVIEW

CAFG MEMBERS SAVE 13-22 CENTS PER GALLON

Fear? Speculation? Tight supplies? Reduced refinery capacity? Oil companies making big profits? Geopolitical tensions? Hurricanes? Cold temperatures? The war in Iraq? Increasing global demand? Peak oil concerns? These factors and more contributed to the instability of oil prices during the 05-06 heating season. Crude prices were already approaching record highs in August 2005, when Hurricane Katrina hit the Gulf Coast. In the wake of this tragedy, US oil production was cut by as much as 25% and as many as 30% of the nation's refineries were shut down or disabled. (www.bloomberg.com)

With a mild winter in the Northeast, supplies appeared to remain stable once the effects of Hurricanes Katrina and Rita subsided, and crude barrel prices hovered between \$60 and \$65.

CAFG members were able to save on heating oil this season, in spite of the market's instability. Here's a look at the average savings for CAFG members by region, compared with the New York State Energy Research & Development Authority's (NYSERDA) survey of average retail prices.

Average CAFG savings by region
August 2005-April 2006

| Region | CAFG Average Price Per Gallon | Retail Average Price Per Gallon | Average Savings Per Gallon |
|------------------|-------------------------------|---------------------------------|----------------------------|
| Capital District | 2.37 | 2.50 | 0.13 |
| Central NY | 2.33 | 2.55 | 0.22 |
| Western NY | 2.30 | 2.52 | 0.22 |

FREQUENTLY ASKED QUESTIONS

Q: Will I save more money with CAFG than a capped (fixed) price or a pre-buy plan?

A: Last year was the first time we compared our prices to cap and pre-buy prices. In most counties our prices were still 5-15 cents below the cap or pre-buy prices. However, we found that many dealers did not offer capped prices last year. You may be able to save with a pre-buy plan, but pre-buying requires a large up front payment that many people do not have the resources to make. There are a lot of choices out there and we encourage you to investigate all your options so you can choose what works best for you.

Q: I'm on a fixed income and having trouble managing my heating bills. Is there assistance available?

A: YES! Your local DSS or Office for Aging can help you find out if you qualify for HEAP (Home Energy Assistance Program). There are also many grants and loans available to help you pay your bills or make your home more energy efficient. We have printed a list of helpful organizations and resources on the next page.

LOOKING AHEAD: WHAT'S IN STORE IN 06-07

The Energy Information Administration projects that crude oil will average \$68 a barrel for both 2006 and 2007. News of developing hurricanes and tropical storms could add to price volatility in late summer 2006. However, significant new production or refining outages are not projected. (EIA Short-term Energy Outlook, 6/6/06) In mid-May, the National Oceanic & Atmospheric Administration released predictions that the coming summer hurricane season would be very active, with 13-16 named storms, 4-6 of which could become major hurricanes. The director of the International Energy Agency expects oil prices "to remain high for at least two to three years because of high global demand and tight supply" (Reuters, 5/8/06). Anyway you look at it, \$68 a barrel means that oil consumers will be paying almost 50% more this year than in 2004. (EIA, 6/6/06)

As news of record profits for oil companies hit the headlines, some legislators have called for the government to consider a windfall tax on oil companies if they make excessive profits. Others have called for price-gouging probes. In May, the FTC concluded that there was no evidence of price gouging. Industry analysts say that "prices also are being guided by a continuing rush of investor funds in to oil markets...at least double the amount three years ago." (www.env-econ.net, 4/18/06) The National Oilheat Research Alliance assures consumers that the oil heat industry will continue to work with state regulators to make sure that consumers are not harmed by price gouging, saying "oil heat dealers are small independent business operations that are not a part of the operations of major oil companies...(and) are doing their best to provide fuel to their customers today at the best price possible given the volatility in the world energy markets—markets that dealers have no control over."

Whatever the reason is for continually rising heating oil prices, we all must act responsibly by exploring green and renewable energy options, conserving energy, contacting legislators with concerns, and staying informed. Seniors on fixed incomes, low income, and disabled consumers may qualify for assistance paying heating and utility bills.

We hope the list of resources we have provided in this issue will be helpful to you, and we look forward to another year of providing lower prices to our valued members.

HELPFUL LINKS AND PHONE NUMBERS

| Organization | Contact Information | How they can help |
|--|---|--|
| NYS HEAP Hotline | 800-342-3009 or www.otda.state.ny.us | HEAP application and information |
| NYS Office for Aging | 800-342-9871 or www.aging.state.ny.us | HEAP application, resources for Senior Citizens |
| NYS Division of Veterans Affairs | 888-838-7697 or www.veterans.state.ny.us | Benefits counseling for veterans |
| NYS Consumer Protection Board | 800-697-1220 or www.nysconsumer.gov | Consumer helpline |
| NYS Public Service Commission | 800-342-3377 or 800-342-3355 www.ASKPSC.com | Complaints, inquiries and helpline related to utilities like gas and electric. Help with shut off notices, protections, and info on paying utility bills |
| New York Energy Smart | 1-800-263-0960 or www.getenergysmart.org | Information on energy efficient products, weatherization, and other ways to reduce energy costs |
| NORA (National Oilheat Research Alliance) | www.nora-oilheat.org | Information and tips on conserving oil heat, homeowner's guide |
| NYSERDA (New York State Energy and Research Development Authority) | www.nyserda.org | Energy prices and trends, energy related assistance and loans |
| Department of Energy/Energy Information Agency | www.doe.gov | Energy prices and trends, features weekly, monthly and long-term price outlooks |
| Support LIHEAP | www.supportliheap.org | Information on HEAP and a link to contact your government representatives regarding energy issues. |
| The National Biodiesel Board | www.biodiesel.org | Information on using Biodiesel for heating oil, list of retailers offering Biodiesel heating oil. |
| Real Goods | www.realgoods.com | Educational organization providing instruction, tools and products to convert your home to solar energy. |

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CAFG NOTES

Reduce your CAFG Membership fee!

Don't forget, recipients of HEAP, Social Security Disability, or members of participating labor unions can reduce the CAFG membership fee to a one-time \$5 payment. Call us for details!

Bring a Friend-Get a Year Free!

If you refer a friend, neighbor, family member or co-worker to CAFG, and they join the group, we will extend your membership by one year for free!

Renew Your CAFG Membership Automatically!

Members who pay a fee to CAFG every year can sign up to renew automatically by credit card. HEAP, Disability and labor union members can also renew automatically at no charge. Call us for more information!

1-800-559-4-OIL
www.cafg.org