

A Biography of the Development of an Oil Buying Co-op

What is the nature of the oil-buying co-op?

There are two parts to the co-op, the Organizer and the Neighbors.

The Organizer inaugurates the group's start-up effort, managing the database of neighbors, spearheading the bidding process and communicating the group's decisions.

The Neighbors, are residents of the given town with a local town address where the oil will be delivered. They only need decide to participate. Participation though means not only benefiting from the savings on oil but also helping in the selection of oil suppliers and in choosing the winning bid.

The oil-buying co-op is a "virtual" group-it only exists on the Internet. It has no assets, no legal structure, no employees, etc. Its sole purpose is the oil purchasing cycle, which will usually start each year in the late spring and terminate in the late summer/early fall with the selection of the winning bid from an oil supplier. The cycle to be repeated each subsequent year

Existing groups:

Most groups are fully participatory, including all neighbors in that town who wish to join and on the same acceptance criteria.

Organizers, who we are knowledgeable about, have acted in the sole role of a communication point both among the neighbors and with the prospective oil suppliers. These organizers have made no purchasing decisions, handled no money or credit, and not established any organizational structure.

All communications have been based primarily on the internet, only backed up by the phone when necessary.

There have been no fees to join and no income produced for the co-op's organizer.

All communications to neighbors and oil suppliers have been in full light.

The only financial benefits for joining the oil-purchasing co-op has been the resulting oil and other discounts that all neighbors have benefited from equally.

The participating neighbors have voted on all supplier selection decisions.

That vote has been a guide but not a determining factor on which company each neighbor decides to purchase oil from.

At the conclusion of each years' process, each participating neighbor has been responsible for selecting and executing their own contract with their selected oil delivery supplier.

After 6 years of going through the process of developing an oil- buying co-op, we hopefully have made most of our mistakes and learnt how to do this effectively. This document is our effort to narrate what we have learnt.
The Guide--How We Have Positioned Ourselves

Step 1: Planting The Seed Group. To start the process, the founding organizer tried to sign-up a minimum of neighbors that represented 30,000 to preferably 42,000 annual gallons of heating oil. The reason for this is that a single oil contract that the oil supplier buys represents 42,000 gallons. This is only a psychological comfort level for them since, in reality, the participating neighbors will be purchasing this over the entire heating season and beyond if they also use oil for hot water. However, we could still have pursued the process if we had say 20,000 gallons in the first year. It is most important to just get started.

The way we started our initial sign-up of neighbors was to write a letter [**SEE APPENDIX 1-INTRODUCTORY LETTER**] that explains what we were trying to do.

NOTE: IT IS ESSENTIAL THAT YOU EXPLAIN TO EVERYONE INCLUDING THE OIL COMPANIES BIDDING ON THE OIL THAT YOU ARE NOT AN ORGANIZATION AND THAT EACH NEIGHBOR WILL BE RESPONSIBLE FOR SIGNING A CONTRACT WITH THE SUPPLIER THEY CHOOSE, THAT YOU ONLY GATHER TOGETHER EACH YEAR TO INCREASE THE AMOUNT OF GALLONS IN YOUR INDIVIDUAL BIDS, AND THEN ESSENTIALLY DISBAND UNTIL THE SUBSEQUENT YEAR.

We then contacted neighborhood associations, the local Council On Aging and other local organizations in our town that primarily consisted of neighbors. In addition, we posted information on the town's web site and at town hall. We avoided business advocacy groups, since the oil delivery companies are often members of those groups and that would create a conflict of interest.

Step 2: Creating the Neighbors Database To effectively manage this process, we had to be familiar and comfortable with a spread sheet program (Excel is by far the

most common) and any browser (Internet Explorer, Gmail, America on-line, etc.). Almost all browsers can group individual e-mail addresses into a named group- say "oil buying coop" for example. Then, every time we send out an e-mail, it is only necessary to do so one time. This grouping effort has been essential to keep time demands on the organizer reasonable.

As neighbors started to join, we asked them to e-mail us the following information:

1. their full name
2. their address in the town where they would take oil delivery
3. their e-mail address
4. their home phone, and/or a cell phone (only one is necessary)
5. the amount of oil they used over the last 12 months.

We did not add any neighbors into the database until we had all of this information from them. If they didn't have a local address, they didn't participate. If a neighbor didn't keep their own oil usage records, they would get the amount of oil consumed over the last year by asking their present supplier. All of the delivery companies keep those kinds of records.

We insist that all neighbors have an e-mail address, otherwise the process becomes unmanageable. For those, especially the elderly, who do not have e-mail addresses, we have set up a relationship with the local town's COA, where they maintain an e-mail address for them and notify the individuals directly.

One other point, we have had requests from religious organizations and non-profits to join our group. Our position on that has been that if they have a local address that uses number 2 (residential) heating oil, that is acceptable.

We have turned down all requests from business to join our neighbors since they could overwhelm the purchase amounts and may have other interests than those of the neighbors. Also, the legal exemptions (in Massachusetts) from anti-trust laws that a community organizer is covered by, do not, to the best of our knowledge, extend to businesses.

Directly below is an example of a spreadsheet that fulfills the organizer's information needs.

Database Example:

status	Notes	e-mail address of Neighbor	Name	Residential Address	Tel number	cell phones	Supplier VOTES	TOTAL estimate	
								Number of votes	Number of gallons
			John and Mary smith	22 out of poverty Lane	508-xxx- xxxx	992-xxx-xxx	Local Delivery company 1	1	850
1		xxx@yyy.com							1250
2									1500
3									1600
4									1600
5									650
6									2000
7	removed from 8 database								
9									1550

Status: is a counting column so that we know how many neighbors are currently cooperating.

Notes: (An important column), over time folks will move, drop out, take one year off, take a sabbatical, etc. We track them over time to keep the database current. Also unfortunately, some neighbors will “Game the system”. That means they will attach to the buying cooperative only for the bid, then go their own way using that bid to leverage their own arrangements with suppliers that did not participate in the process. Although everyone has that right, and the co-op should inform them to that effect, gaming the Co-op is destructive to both the co-op itself and even more importantly to the concept of community--that each of us is working together to help the whole, and in turn, the whole helps each of us apart. This community concept is crucial to the continued well being of the co-op. We don't invite those folks to rejoin our group.

The column “**Supplier Votes**” is the name of the various bidders that the specific neighbor votes for and “**number of votes**” is the tally for the election.

Step 3: Going to Bid: We start the bidding process by identifying appropriate oil suppliers. We usually start this process as early as March or April of each year. There are two types of heating oil suppliers and three tiers of size. The two supplier types are Discounters and Full service suppliers.

Discounters only supply oil to the residential customers. They do not supply services. They will almost always direct the prospective customer to an independent service company. The problem with this is that once the town's co-op has a significant number of neighbors, there is a paucity of available independent contractors who will be willing and capable to take on a large group. Since, especially for the elderly, this could be a risk to their continued health, our efforts have avoided discounters, even though they almost always have the best price. The discounters are almost always small companies.

Full service companies supply both oil, and repair and maintenance services for the home heating system. They can be very large, medium or small in size. There are many more of these type of companies than there are discounters.

Starting in early April, we canvass our neighbors as to which suppliers they have used in the past and are currently using. We try and understand how satisfied they are with their service capabilities and ask them if they had any problems with them. If all is in the affirmative—we consider putting them on our Request for Bid list.

If there is an insufficient number of suppliers from that process. we Google our town's name or state and "oil companies" . The oil industry lists **some** of the dealers as well.

Some useful sites are:

In Massachusetts: www.massoilheat.org

In Vermont: www.vermontfuel.com/Vermont_Fuel_Dealers_Association/Find_a_Fuel_Dealer.html

In New Hampshire: www.nhoilheat.com/pmd/index.php?id=2

In Maine: www.maineoil.com

In Rhode Island: <http://www.oilheatinri.com/search.php>

In Connecticut: <http://www.icpa.org/find.htm>

Finally, we always check the better business bureau (bbb.org) to see if there are any unresolved complaints against the different prospective oil companies. It should be noted that almost all large oil companies will have some complaints against them, but few will have unresolved complaints. Also, a word of caution, many companies will not supply the BBB with their credit information so the value for that part of the site is limited. This is especially true of smaller oil companies.

Step 4: The Bid-Asking the Right Questions: Once the prospect list has been compiled (there should be at least 6-7 companies since some will drop out of the process), the request for bid document should be prepared. We contact the companies in advance by phone to explain who we are before we send out the bid. Several companies will not be interested in pursuing the coop's potential business.

Companies that do not bid the co-op tend to either be very small, are concerned about the size of the co-op, OR they depend on a high margin business plan and do not like to compete aggressively for business. This latter group is not often successful in competing for the co-ops' business anyway.

NOTE: For those in more rural areas, the number of available suppliers will be far less. If sufficient interest cannot be garnered from them, it may be helpful to combine with neighboring towns to increase the pool of residents. Also, there are organizations that group buy oil for large populations and they are an alternative to forming your own neighborhood group. The drawback of using those organizations are several fold:

- 1. The community development option is lost as all of these organizations extend over large areas not just the neighborhoods we live in; and**
- 2. Although they offer significantly better prices to residents than going it on their own, their prices cannot compare to the effort outlined in this document. The reason for that is that they are formal organizations with substantial overhead costs and staffing. Also since they take some of the spread price that we pass directly to our neighbors, they can more likely be sued and must maintain legal advice and the like,, which again costs our neighbors more money. They, therefore are good second options, if the neighborhood co-op is not viable in your town.**

Now starts the most difficult part of the process and that is what to ask for.

A. Discount retail price

The most obvious and easily bid is the discounted retail price. The way to look at oil pricing in this mode is as a price spread over source oil. When a supplier tells us that he can give us, for example, 30 cents off the retail price of his oil, that really doesn't have any value since there is no benchmark of what retail priced oil is. We knew we had to price oil based on a reliable measure.

Oil can be sourced from a number of places. In New England, some examples are NYMEX, Revere Global, Petro Barge, etc. Unfortunately the only index that is currently published daily is NYMEX **[SEE APPENDIX 2-NYMEX PRICING]**. We have also found that these other sources are usually higher in price than NYMEX, sometimes as much as 15 cents, but the difference varies and most importantly, Unless the supplier is willing to send you daily quoted prices from another source as part of their bid, **THERE IS NO WAY TO VERIFY THE PRICES**, so the neighbors would be putting a lot of trust into the suppliers quotes—a practice we have found to be unreliable and unwise. Thus, we try and work with suppliers that will quote spreads over NYMEX or supply us with the daily printed quote form another source. In the beginning, this is not always possible, but as the size of

your neighborhood group grows, so will you leverage and you will be able to insist on NYMEX or an alternative printed source as a basis for retail price spreads.

As an example, a recent quote we received was 40 cents over NYMEX minus a 5 cents discount if the neighbor kept their credit card on file with the supplier. So if the NYMEX price at close of business (referred to by NYMEX on their web site as the "Settled Price" and sometimes signified with an "s") for the subsequent month's contract was \$1.00, then the price to the neighbors taking delivery the next day would be \$1.35/gallon assuming the 5 cents credit.

If our group of neighbors believe that the price of oil will decline for the bulk of the coming heating season, this could be the best price available on average and therefore the best method to use. For this approach—discount retail price--It is our experience that the smaller companies with the lowest overhead usually have the most competitive prices.

However, if the neighbors believe that the price of oil will spike over the coming heating season, then it is better to fix the price of oil by purchasing a "fixed contract" from the oil supplier.

B. The Fixed Price

Asking an oil company bidder to supply a fixed price is essentially asking them to purchase a futures contract or more likely to leverage our contract off of a series of futures contracts that the oil company buys in their normal course of business.

In contrast to the discounted retail price, larger companies hold an advantage here as their scale of business allows them to spread the risk over a larger amount of futures contracts. Even more importantly, they are usually a lower credit risk for the neighbors.

The advantage of agreeing to a fixed contract for oil with a supplier over a specified period of time versus buying a futures contract is that the fixed contract credit risk is relatively small. The neighbor doesn't need to pay for the contract up front but rather "as you go". Given the shaky credit profile of many companies, this is, at present, the much safer way to go.

Whenever a neighbor purchases a fixed contract, they will probably be paying a premium over the present discounted price they are receiving due to the risk that the oil delivery company must take. The fixed contracts usually have a duration of one heating season. It is best to terminate these contracts at end of June and not in the fall. Otherwise, the supplier is essentially keeping the neighbor from participating for the following heating season to a time that the prices are historically higher (e.g. the fall versus the spring)

C. The Capped Price: If the neighbor believes that prices will decline moderately, stay about the same or go up slightly, BUT they are worried about a price shock to the system due to weather or political events, a capped price could be a good alternative. However, there are issues there as well. First of all, you will probably have to pay a cap fee. The cap fee is (mostly) directly proportional to the volatility of oil prices and the length of the coverage of the contract. At present (Fall 2008), since oil prices have been so volatile, the cap fee has been very high--high enough to negate any savings in the current retail price and therefor not a reasonable alternative. This could change over time.

D. Service

We have found that most full service suppliers will offer anywhere from discounted to free service to get the group's business. Most important, we ask for the best discount they can give for the "summer clean-out" and their policy on emergency service. We also ask them to send on information regarding their alternative service plans and the respective prices. Most companies have different service plan levels. The details are usually very confusing-so have the neighbors take care and read them carefully.

Again, remember, each neighbor has the right to select the type of pricing he or she wants, and to accordingly notify the bidder of his or her choice. The organizer should consult with any knowledgeable members of his community and can talk about the different options and risks involved but in the end, it is the neighbor who must make the decision and sign the contract.

For more help, SEE APPENDIX 3: MODEL REQUEST FOR BID LETTER



Step 5: Picking the Winning Bidder: To execute this part of the process, we assemble a comparative spreadsheet for all of the neighbors to review that compares each of the bidders on several issues:

1. Pricing: including any discounts. Pricing should include any alternatives that are offered (e.g., discount retail, fixed, cap) and the source basis for the spread (e.g. NYMEX, etc.) also, since sourcing may be different, calculate and write in an apples to apples comparison
2. Service prices and extent of coverage (these are usually not apple to apple comparisons)
3. Better Business Bureau (BBB) ratings and comments
4. Any neighbor comments from past relationships (Note that usually Requests for Quotes (RFQ's) are not extended to companies that have had more than one

complaint from a participating neighbor unless there are extenuating circumstances).

Once the comparative chart is assembled and an accompanying discussion of the alternatives, it is e-mailed to all of the neighbors, both embedded and attached to the e-mail, to avoid the problem of folks not having the same spreadsheet software. If any neighbors cannot use e-mail—which is more common among the elderly—we ask a neighbor of that person to help as a caretaker for them. The Council on Aging will also help here.

We then identify a 3-5 day period following the mail-out of the comparative analysis to vote. All neighbors are expected to vote on their preference. At the close of the 3-5 day period, the voting tallies (anonymous) are sent to all. Neighbors are asked to opt out if they do not want to select the majority winner. Those folks are then removed from the database for that year and will need to re-apply if they want to re-join in future years. The bidder with the majority vote then receives the phone numbers and addresses of the remaining neighbors in the database. We used to send the e-mails as well but the oil companies who lose later year bids have used them inappropriately, so we stopped doing so.

The organizer should then make sure that all of the neighbors are contacted by the winning bidder and that completes the purchase cycle for that year.

Step 6: How to Manage the Growth of the Oil Buying Co-op: As the number of neighbors increases in the buying co-op, the appropriate supplier may change, as the smallest companies may no longer be able to service 200-300 more households over their current count. Also, the Co-op, as it grows, will increasingly gain leverage with larger supply companies.

Every year, when we start the process in the spring, we check all of our neighbors' e-mail addresses. We do this by sending out an e-mail asking for any corrections in their contact information. If any e-mail messages come back as undeliverable, there is obviously a problem and we need to update the database.

Also during the year we ask the neighbors to invite any new folks that have moved into the neighborhood to join the co-op. Real estate brokers often like to do this as it is a valuable service for their clients. Several folks who have sold their home have passed on the information to the new residents.

Annually, we remind our local Council on Aging and other neighborhood groups that we will be opening the database to new members. We have found that the entire process is much more manageable if the Organizer starting in year 2 selects a limited period for sign-up and keeps to that period. So say for instance, we select the 4

weeks of June to have sign ups. We would send out notices to the local neighbors and organizations to that effect in early May.

Step 7: Warnings: Unfortunately, the success of our co-op has spawned unpleasant reactions from some of the oil companies who unrealistically see this as a threat to their livelihood. One interesting perspective on this fear is that this co-op movement may actually save their businesses, especially in urban areas where the conversion over to gas has been accelerating. In the South and parts of the Midwest, oil has almost all but disappeared, replaced by natural gas. So although the co-op does cut their margin, we would argue it saves their businesses as our discounted prices are almost always significantly lower than natural gas, and several of our neighbors who were considering converting to gas, did not.

Although oil certainly has its problems, so does gas. Gas is delivered by a monopoly. That means they can raise prices (within regulatory limits) when they need to. Scornfully, this need seems to coincide with periods when their gas lines are full and they aren't looking for new customers. Conversely, when they are looking for customers, they tend to advertise their lower price.

Gas is also more dangerous. Most recently, as the infrastructure ages, there have and continue to be a number of fires and destroyed houses around New England from gas leaks. In parallel, oil suffers from tank leaks, if the tanks aren't maintained appropriately, but there is substantially less risk of fire.

If one of the neighbors wants to convert, we let them know that they have an option NOT TO LET the gas companies remove their oil tanks and equipment, which the gas companies sometimes offer as a bonus to conversion. Once removed, the price to reinstall them can be prohibitive if gas becomes unavailable or too pricey! Suggest that they speak to their oil supplier on how to best do this.

A. Pernicious behavior: There has been some experience with pernicious behavior on the part of some oil suppliers. Some tactics by prior suppliers who subsequently lost the next year's bid have been:

1. to contact the neighbors and try and destroy the integrity of the present year's winning bidder;
2. Offer special preferred pricing to some of the neighbors—at a price they would not bid at—in an attempt to break apart the Co-op.

We expect other efforts of this nature in the future.

B. Collusion: Collusion is a significant concern to us, especially in more rural areas where there are fewer available suppliers. Collusion is almost always against the law but it can be difficult to prove. If we see that, all of a sudden, the group of oil suppliers we have access to, has raised their spread price in unison, are no bidding our co-op as a group, or have taken other group actions that have a destructive effect on our efforts, it may be time for us to call the state attorney general's office for advice.

Step 8: Future Support and Advice: We have a basic web site to assist with technical support and provide a communication point for those looking to create and maintain an oil-buying co-op. We only review it, at most, once a week.

Once you have formed your co-op, you can notify us by going to the web site and the contact us page:

<http://unocone.giving.officelive.com>

STEP 9: Spreading the Benefit

Once the group has been active for at least 3 years, the number of neighbors participating should have grown considerably. That allows you to spread the benefits of this program to the more needy. We are currently in the process of requesting the participating neighbors to donate a small part of their heating budget savings to a 501C-3 that is associated with our local COA. These donations will be specifically targeted to helping the elderly in our town to pay at least part of their heating bills, so they don't have to choose between eating and staying warm. A social worker or other person who works with them, and is knowledgeable about their specific financial situation should manage the choice of elderly participants.

Limitation on Liability:

The Reader of this Document understands that all information provided is only a narrative on how one co-op was formed. The Reader is responsible for all and any actions taken by them or their neighbors. In no event will anyone associated with this document be liable to any party for any direct, indirect, special or consequential damages for any use of this material, including, without limitation, any lost profits, business interruption, accidental destruction, even if these individuals are expressly advised of the possibility of such damages.

Appendix 1: Introductory Letter

Dear Neighbor:

We are a group of neighbors of “YOUR TOWN HERE”. We are forming a group oil buying effort that has yielded large savings for New Englanders across our region, where neighbors have decided to pursue home heating oil discounts. What they do is band together and offer a group Request for Quote to a number of oil suppliers. We will do this each year. There is no other organizational relationship among the neighbors and you are not legally obligated to participate in the final selection of a vendor, although there is usually 95% cooperation. It is essential the group stay together so that we can have the continuing leverage to get commercial level bids.

If you decide to participate, we will send your name and phone number (but not your e-mail address) to this year’s winning bidder, and they will call you. The winning bidder will be decided by a vote of all of the participating neighbors after we present you all with the different responses that will have come in. You will keep the responsibility for signing a service contract with them, if you so decide.

Please understand that no one takes any compensation for this and each of us solely benefits from the group discounts like everyone else.

We will send you more details when we receive all of your information, including:

1. Your name
2. “YOUR TOWN HERE” address where you will take oil deliveries,
3. an estimate of the amount of oil you require for one heating season, (you can find this out from your present supplier)
4. your phone number and
5. your e-mail address.

Please send that information to the e-mail address below.

Appendix 2: NYMEX Pricing

NYMEX stands for the New York Mercantile Exchange. It is a futures market based in New York that financially accepts contracts for of heating oil (and other commodity futures). It is , currently, the only pricing source that quotes its prices daily and thus the only one that we can verify as a cost basis for our suppliers.

Heating oil, also known as No. 2 fuel oil, accounts for about 25% of the yield of a barrel of crude, the second largest "cut" after gasoline. The heating oil futures contract trades in units of 42,000 gallons (1,000 barrels) and is based on delivery in New York harbor, the principal cash market-trading center. Options on futures, calendar spread options contracts, crack spread options contracts, and average price options contracts give market participants even greater flexibility in managing price risk.

The heating oil futures contract is also used to hedge diesel fuel and jet fuel, both of which trade in the cash market at an often-stable premium to NYMEX Division New York harbor heating oil futures.

NYMEX trades almost continuously, but for our purposes, the market closes every day at around 2:30 eastern time. It is safe to say that the settlement price is posted by no later than 3:30 PM each day

To access the NYMEX database, go to: http://www.nymex.com/ho_fut_cso.aspx ". Set up the URL into your favorites list on your browser, so you don't have to remember it.

Under the column that states " Most Recent Settle" there are several prices. When the prices "settle" for the day, they will have an "s" next to them. Only when they have the "s" is the price valid for that day. Unfortunately, the "s" gets dropped a short while later and then one would use the closing price for the day. -again after 3:30 PM BUT before the morning open when that price is taken down. NYMEX is open from Monday through Friday and closed for certain holidays.. It is not necessary to copy prices for the weekend.

No pricing history is kept which is the reason why we need to copy it each day and write it down into our spreadsheet database. You want to copy 2 numbers every day-- Monday through Friday--the next month's contract settle price and the January settle price. For example, the next contract month changes every 30 days or so. Again, for example, with the demise of August and beginning on September 1, one would copy the October settle price and the January settle price. When we reach October, October will disappear and one will start copying down the November price. When we reach January, it will only be necessary to copy one number down thereafter, the next month's settle price. The reason we copy January now is to see what the price premium is for futures contracts in case your neighbors' decide to fix the price. By

January, if each of the neighbors has decided not to fix the price, it won't be likely that the conversion will happen for the then current heating season.

We would advise each group to form a group of neighbors who duplicate the price copying effort and send that to the neighborhood coordinator one a month. You may also have one of your neighbors skilled in programming on the internet. They can often build "spiders" or the like, which are programs that automatically search selected sites for data and deposit that data in a database. If your group of neighbors uses this kind of program, you must make sure that the site, you are searching will not obstruct that effort.

APPENDIX 3: MODEL REQUEST FOR BID LETTER

Dear Oil Dealer:

A group of neighbors in **YOUR TOWN** are looking for a company that will supply us with oil for the coming heating season (circa Fall **XX** to Summer **XX**). First let me say that we are not an organization of any sort, but rather a collection of neighbors purchasing together for the benefit of all and everyone. We are only sending this letter to a limited number of full service suppliers. Either you have supplied us in the past or your company was named as a reliable supplier by one of the neighbors.

We would like you to furnish us with a quote. Our approximately **XXX** residences account for an estimated **XXX,000** gallons a year in fuel oil.

We are expecting that any supplier would offer us, at the very minimum, free or reduced price annual oil burner service, and has the necessary service staff to support that capability, as well as a good reputation for service. Beyond that, we will select, as a group, the quote that comes in at the lowest price.

We would like you to quote as follows:

1. Your Retail Spread (e.g. Margin all in), which is defined as the delivered price of home heating oil to us minus NYMEX posted prices for the given day of delivery. In other words, your spread plus the posted NYMEX price would be the retail price to our neighbors. Please only quote your Retail Spread amount.

2. The conversion from the above referenced Retail Spread to a fixed and/or capped price. Please note any differences from the spread you have quoted above—that is, state what and how much is the CAP charge to us, if any, and any other charges that will be incurred. For communication purposes, if this spread is different than the Retail Spread, please refer to it as The Capped Spread.

If quoting a fixed price, please state the delivered cost to the neighbors, the last day that the fixed price will apply (presumably in May 2010), or, even better, the calculations for the fixed price based on NYMEX futures. This last option is best since different neighbors may decide to turn to a fixed price at different times.

Other information you may want to forward to us is how you will deal with each of our fuel estimates for the year that either fall short or exceed each of our stated amounts during the one year term. That is, how will you price overages or underages from the estimated total of each of the neighbors?

Also let us know if you would offer any additional discounts, and how much that discount would be for maintaining a Credit balance, pay in advance, etc. In other words, if all monthly payments for a given individual contract would be made in advance of each month or at the start of the contract year.

If you have any questions, please e-mail me as needed or please forward your quote to **Your e-mail address** no later than **MONTH, DATE, YEAR**.

Sincerely,

Your name

Your e-mail address

Your phone number