

Oil Heat Contracts

A consumer tip sheet



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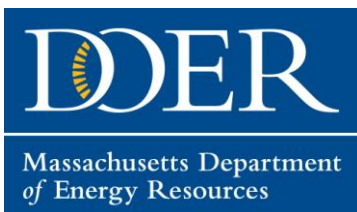
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Many oil heat dealers offer contracts to their customers. For consumers, contracts may offer some price protection or the ability to spread payments over the year. For dealers, contracts help them better predict customer demand and may give them more buying clout for their customers. Customers may assess the dependability of a dealer and the potential value of a contract by asking any number of questions.

Customers should shop early and keep up with the trends in oil prices through news reports. This year dealers offered contracts throughout the summer although some dealers suggest between Labor Day and the end of October is when most customers decide. Choices become limited as we approach and enter the winter.

Questions to Ask about Dealer

What kind of experience, capability and equipment does the dealer have?

This will give you some idea of the skill level of the dealer. How many trucks does the dealer have? Are they in good condition? Both are related to how the company will be able to service your account.

Has the dealer already purchased the gallons they are committing to under the contract? How will they guarantee that the oil will be available?

Some contracts will include language that says, "while supplies last." The contract should tell you what happens if the dealer is unable to provide you with oil because of oil supply shortage

Has the dealer offered contracts in the past?

Make sure your dealer has experience offering contracts. You may also ask how their prices were last winter. Did they honor their fixed price contracts or have to increase the rate?

Will the dealer give you references from other customers?

It is in the best interest of dealers to give you names and numbers of satisfied customers that are willing to speak with you. You can also speak with friends and neighbors who have experience with different companies. Local business groups may also be able to refer you to reputable dealers in your area.

Does the dealer have a customer service department? Do they offer round-the-clock service?

Ask the dealer if they have a customer service number and the hours of operation. Ask what happens if you have an emergency during off-hours.

Is the dealer licensed?

Oil heat dealers are not required to be licensed in Massachusetts.

Questions to Ask about Contracts

What price plans are available to consumers?

Some oil dealers offer customers fixed price or variable price programs.

A fixed price program establishes a fixed price per gallon for a predetermined number of gallons. You should ask how long the fixed price would be in place. You may also ask if it is guaranteed.

In variable price programs, the price may change in relation to how much oil the customer uses. They may also vary according to when you sign your contract and whether you pay some or all of your costs up front.

What is a cap price program?

A cap price program is a variable price program that offers a guaranteed ceiling price per gallon of oil for a defined period of time (i.e. Oct- Apr).

Are there any fees for setting up a cap price program?

Cap price contracts are generally more complicated to manage than fixed-price contracts. Consequently, there is sometimes a set-up fee associated with cap price programs. Fees vary widely depending on dealers so make sure you check with several dealers before signing.

What happens if the price of oil drops below the cap price?

In some contracts, you pay the lower price. In others, you will continue to pay the cap price.

Will I need to sign a written contract? How long does the contract last?

Informed customers make better decisions. Ensure you understand all the terms and conditions of the contract.

Read the small print carefully.

Are there any penalties for ending a contract early?

Some contracts stipulate that if you end your contract early you will be charged a termination fee.

What are your rights if the dealer ends your contract?

Call the Consumer division of the Massachusetts Attorney General at **617-727-8400**

Does the contract include customer services, maintenance, service calls, inspections, furnace parts or repair? Are there additional fees?

You may contract for either oil delivery only, or for oil delivery and a service contract (full-service). If you choose oil delivery only, you will need to arrange for customer service. Full-service dealers generally offer automatic delivery and operate service departments, offering technicians and parts. Some offer installation. The terms of service contracts vary. Usually, full-service contracts entitle you to an annual maintenance visit, emergency service, and free replacement of certain parts.

Installation services and 24-hour rapid response to "no-heat" calls may also be included. Some dealers may offer coverage for tank replacement and other related services.

Payment Questions

Is there a pre-payment or deposit? How and when will I be billed?

Some dealers may require full payment up front in order to guarantee a fixed price. Others may accept partial payment. Still others will allow you to pay-as-you-go, typically on a monthly basis.

Do they offer budget plans?

You may be able to spread payments over the heating season. The amount paid each month is based on the estimated amount of heating oil the consumer is expected to use throughout the heating season.

Are there any discounts or bonuses available?

Some companies offer discounts based on early payment. Some dealers provide discounts to the elderly.

Other Shopping Options

Oil cooperatives (co-op) can save members money on their oil and other services. They may also offer discounts to low-income customers. Many co-ops offer discount membership fees for senior citizens. Below are some co-ops operating in Massachusetts:

Mass. Energy Consumers Alliance
1-800-287-3950, info@massenergy.org or
www.massenergy.com

Cape Self Reliance Corporation
1-888-808-0120, reliance@reliance.org or
<http://www.reliance.org/oil-cooperative.asp>

Pioneer Valley Heating Oil Cooperative
1-413-586-7350 x289, www.umass.edu/ofr/oilcoop.php

Center for Environmental Technology (partnered with Mass Energy Consumer Alliance)
1-800-287-3950 x4 (at Mass Energy) or www.cetonline.org

Heating Assistance

Low-income households may be eligible for heating fuel assistance programs. For more information contact:
1-800-632-8175 or Call 211 to get more information.

Pricing

For current price information, go to www.mass.gov/doer

Sources: CONEG Meeting in Manchester, NH, 8/18/00 - DOER Winter Fuels Briefing - Massachusetts Oil Heat Council - Boston Oil Consumers Alliance