

VERMONT FUEL PRICE REPORT

August, 2011

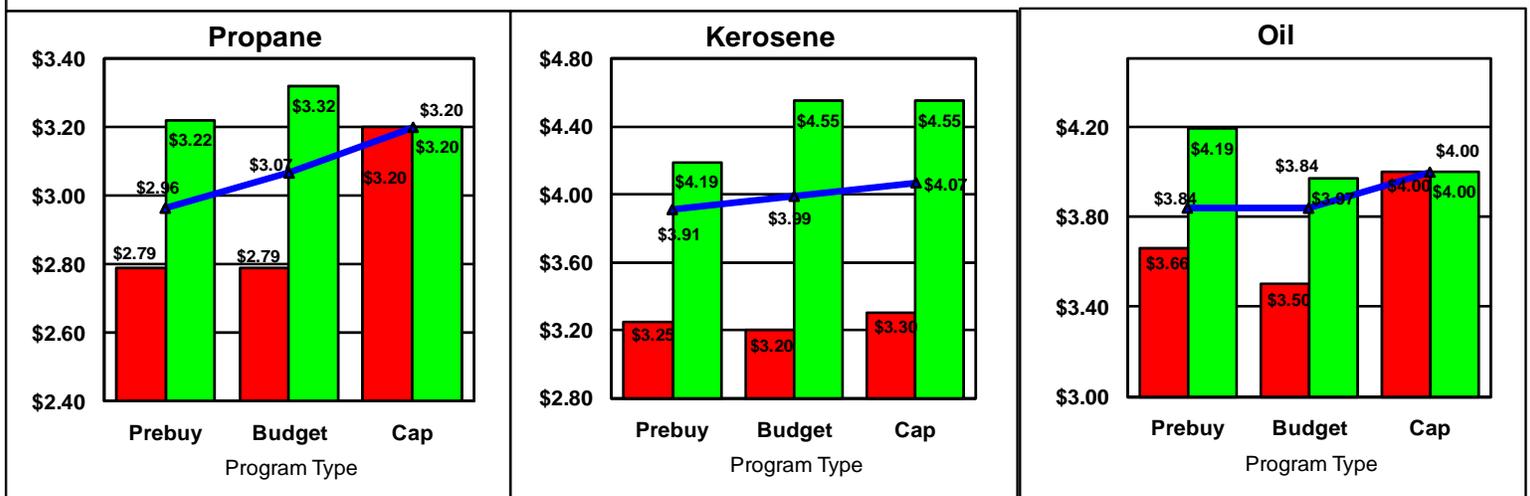
EIA - Short-Term Energy Outlook

EIA expects the U.S. average refiner acquisition cost of crude oil will rise from \$100 per barrel in 2011 to \$107 per barrel in 2012 as global spare production capacity and inventories continue to decline. This forecast assumes that U.S. real gross domestic product (GDP) grows by 2.4 percent this year and 2.6 percent next year, while world oil-consumption-weighted real GDP grows by 3.4 and 4.1 percent in 2011 and 2012, respectively. *These assumptions do not fully reflect recent economic and financial developments that point towards a weaker economic outlook and also contributed to a sharp drop in world crude oil prices during the first week[s] of August.* (emphasis added) There is a significant downside risk for oil prices if economic and financial market concerns become more widespread or take hold.

The regular-grade gasoline monthly average retail price fell from \$3.91 per gallon in May to \$3.65 per gallon in July, reflecting the decline in crude oil prices from their April peak and a recovery from unexpected refinery outages. Projected regular-grade gasoline prices average \$3.58 per gallon and \$3.44 per gallon in the third and fourth quarters of 2011, respectively, about 6 cents per gallon below last month's *Outlook*.

Extremely hot weather settled on much of the Nation last month, with U.S. population-weighted cooling degree-days 27 percent higher than the 30-year normal and 8 percent higher than last year, which contributed to an increase in natural gas consumption for electricity generation compared with July 2010. Nevertheless, the estimated 246 billion cubic feet (Bcf) increase in natural gas working inventories during July 2011 was 21 Bcf higher than during the same month last year. Natural gas working inventories ended July 2011 at 2.8 trillion cubic feet (Tcf), about 7 percent, or 194 Bcf, below the 2010 end-of-July level. EIA expects that working natural gas inventories will build strongly, approaching last year's high levels by the end of this year's inventory build season. The projected Henry Hub natural gas spot price averages \$4.24 per million British thermal units (MMBtu) in 2011, \$0.15 per MMBtu lower than the 2010 average. EIA expects the natural gas market to begin tightening in 2012, with the Henry Hub spot price increasing to an average of \$4.41 per MMBtu.

PRICE PROTECTION PROGRAMS - Many fuel dealers offer their customers "price protection" programs. With "Pre-Buy" programs, customers can purchase a specified volume of fuel at a discounted price by paying for the heating season's fuel in advance. In "Fixed Price" programs, a pre-determined price per unit is set for all of the fuel delivered during the heating season. In "Cap" programs, the fuel price will not exceed a pre-determined value and may go down based on market conditions at time of delivery. Cap and Fixed Price programs may be part of "Budget" programs, in which the customer agrees to make equal monthly payments, often for 10 to 12 months. Price protection programs can be beneficial, as they provide a degree of certainty, and customers are better able to budget their finances and thus are not caught short during the heating season. However, price protection programs don't guarantee savings, so consumers need to consider their options carefully.



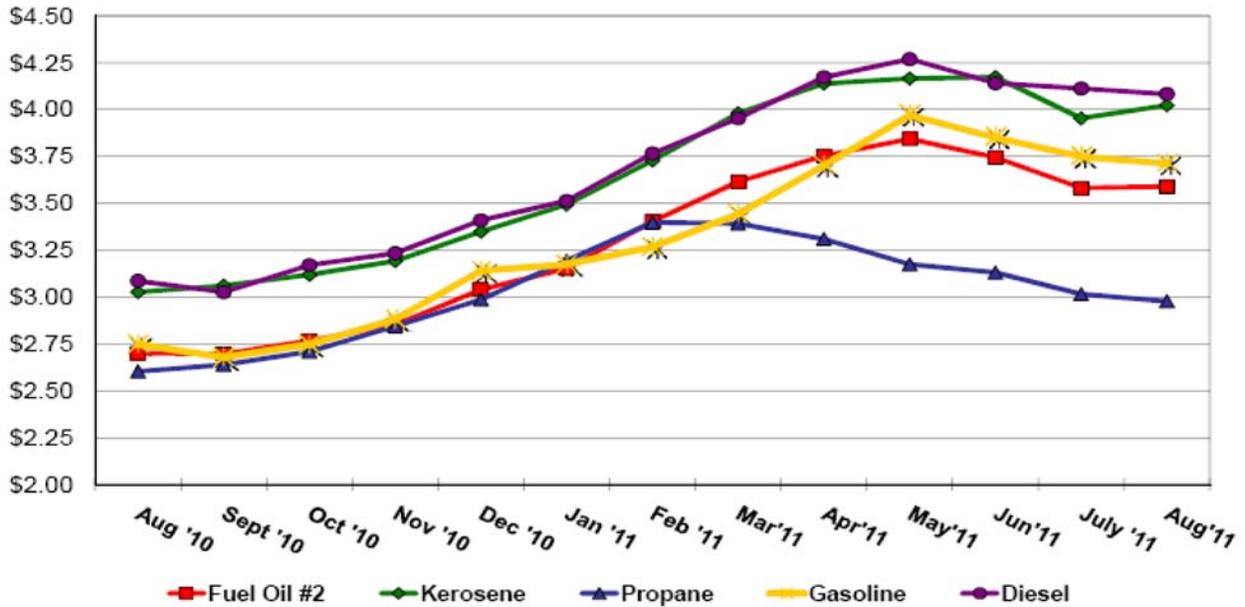
Comparing the Cost of Heating Fuels

Type of Energy	BTU/unit	Adj Effic	\$/unit	\$/MMBtu
Fuel Oil, gallon	138,200	80%	\$3.59	\$32.46
Kerosene, gallon	136,600	80%	\$4.02	\$36.81
Propane, gallon	91,600	80%	\$2.98	\$40.63
Natural Gas, therm	100,000	80%	\$1.55	\$19.40
Electricity, kwh	3,412	100%	\$0.15	\$43.46
Wood, cord (green)	22,000,000	60%	\$180.00	\$13.64
Pellets, ton	16,400,000	80%	\$247.00	\$18.83

Vermont Average Retail Petroleum Prices (per gallon)

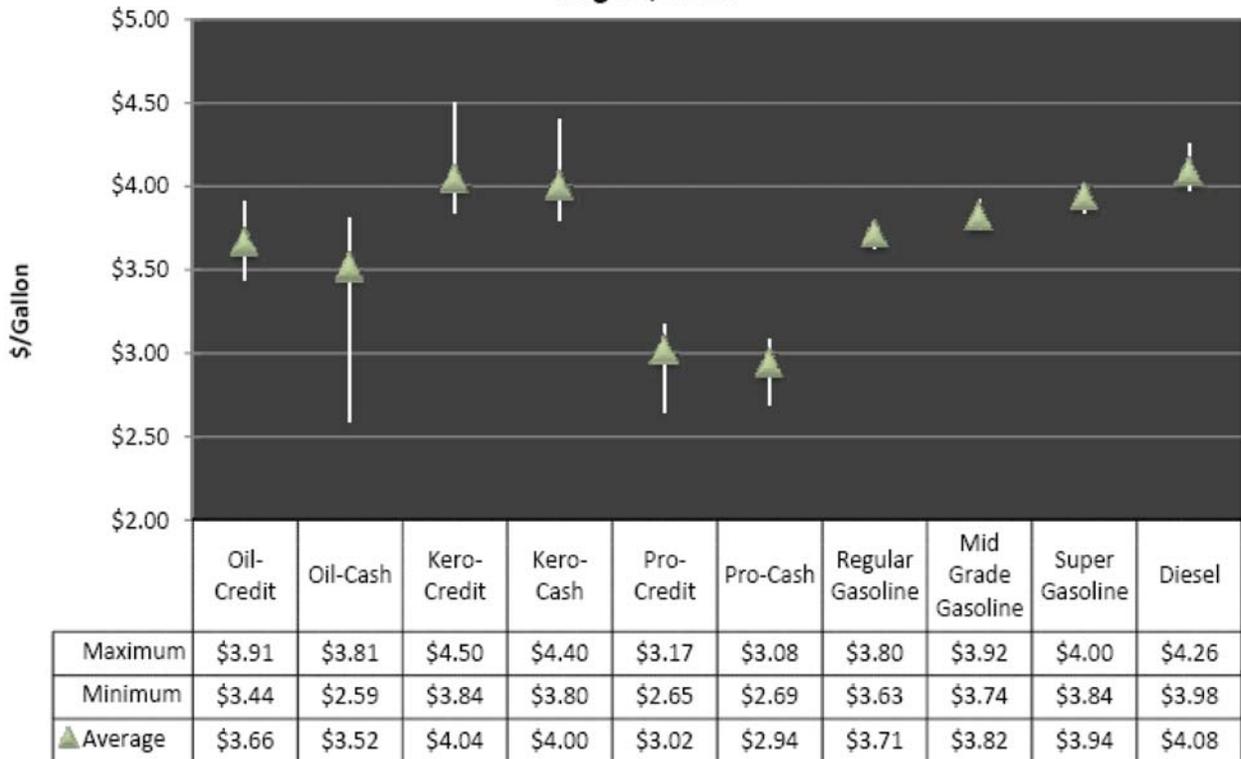
	August '11	Jun'11	%change	August '10	%change
No. 2 Fuel Oil	\$3.589	\$3.744	-4.16%	\$2.700	32.93%
Kerosene	\$4.023	\$4.173	-3.61%	\$3.026	32.93%
Propane	\$2.977	\$3.130	-4.89%	\$2.603	14.39%
Reg. Unleaded Gasoline	\$3.712	\$3.850	-3.58%	\$2.748	35.07%
Diesel	\$4.083	\$4.141	-1.40%	\$3.086	32.30%

Vermont Fuel Prices -One-Year Trend
\$/gallon



Fuel Price Ranges in Vermont

August, 2011



NOTE: The Vermont Fuel Price Report is published monthly by the Vermont Department of Public Service. Prices are collected on or about the first Monday of each month and reflect dealer discounts for cash or self-service, except propane prices, which are an average of the credit and discount price. Propane prices are based on 1,000 + gallons. For more information please contact Mike Kundrath at (802) 828-4081 or by email at michael.kundrath@state.vt.us.