

From the President's Desk



Dear Valued Customer,

Another heating season is upon us, and we are pleased the price of oil has returned to more manageable levels, and when compared to other fuels, it still is a great choice for home heating. With so much uncertainty in the world, it is nice to know you can feel good about your heating fuel.

We have a fair amount of employee news to share. We have some great new talent, applaud our employee of the year, and acknowledge a fine employee who unexpectedly passed away this fall.

We hope you will also support our delivery men this winter by keeping a path cleared to your fill pipe. This effort on your part makes a HUGE difference to our men in the field.

Thank you, and happy holidays.

Sincerely,

David Harder, President



We make warm friends.

Comparing Fuels requires Rigor

We have had a lot of questions over the last year about whether oil is still a good choice for a home heating fuel, or if other sources like wood or pellets are a reasonable alternative. Comparing fuels can be a daunting task. Fuels are measured and priced differently. The appliances that use them offer varying efficiencies. Other important issues like availability and supply, degree of maintenance required, safety, and/or environmental and air quality issues may also affect which fuel you choose to heat your home with. In this article we will compare the following fuels: No. 2 Fuel Oil, Propane, Natural Gas, Electricity, Wood Pellets and split cord wood.

Cost of Fuel

When looking at cost, one must first convert the fuel into how much energy is in that fuel. A British Thermal Unit (Btu) is the basis for measuring energy. One Btu is about equal to the energy released in burning one wood match. The average NY home annually requires about 92 million Btus to stay warm through the winter (that's a lot of matches!).

Once you know the number of Btus found in each fuel, you can determine the cost per million Btus. Many would stop there, but it is also important to adjust that energy output by the efficiency of the unit you plan to use it in. But don't worry, you don't have to run all the math yourself. Based on a terrific fuel calculator available through the US government's Energy Information Agency (www.eia.doe.gov/ncic/experts/heatcalc.xls), the answers are easy. Below is a table derived from the cost calculator found there. The prices are based on actual local pricing on November 24, 2008, and include delivery fees, if any.

| Fuel Type | Unit | Fuel Price Per Unit (dollars) | Fuel Heat Content Per Unit (Btu) | Fuel Price Per Million Btu (dollars) | Heating Appliance Type | Approx. Efficiency (%) | Fuel Cost Per Million Btu (dollars) |
|---------------|--------|-------------------------------|----------------------------------|--------------------------------------|------------------------|------------------------|-------------------------------------|
| Fuel Oil (#2) | Gallon | \$2.99 | 138,690 | \$21.56 | Furnace or Boiler | 87% | \$24.78 |
| Electricity | Kwh | \$0.150 | 3,412 | \$43.96 | Baseboard Room Heater | 100% | \$43.96 |
| Natural Gas | Therm | \$2.38 | 100,000 | \$23.80 | Furnace or Boiler | 90% | \$26.44 |
| Propane | Gallon | \$2.49 | 91,333 | \$27.26 | Furnace or Boiler | 90% | \$30.29 |
| Wood | Cord | \$225.00 | 20,000,000 | \$11.25 | Room Heater (Vented) | 55% | \$20.45 |
| Pellets | Ton | \$300.00 | 16,500,000 | \$18.18 | Room Heater (Vented) | 80% | \$22.73 |
| Kerosene | Gallon | \$3.49 | 135,000 | \$25.85 | Room Heater (Vented) | 80% | \$32.31 |

The table shows that from strictly a cost perspective, electricity is the most expensive with Kerosene, Natural Gas and Propane coming in above average. Surprisingly, cord wood and wood pellets offer only a small savings to fuel oil once you compare them on the same basis.

Supply

Along with price, reliable supply is an important consideration. After all, high demand usually means cold weather, just when having that fuel is critical. Our years of experience, investment in bulk storage, excellent credit and long-standing relationships with our suppliers means we are always able to deliver the products we sell. We have never held up a delivery because we could not get supply. That cannot be said for all the competition.

- * Recent calls this fall to area wood pellet providers confirmed they are still back-ordering pellets, a trend that began last summer (The Daily Star, 8/21/08).
- * Dry, well seasoned hardwood may be difficult to find at the last minute, and green wood is very inefficient and not safe to burn due to increased creosote build-up and risk of chimney fire.
- * Natural gas delivery is subject to the pipeline system. Our supply of LP gas / propane, however, is supplemented by "cavern gas" which we can draw upon in times of supply disruption, so our customers never have to worry about pipeline problems.

Health, Safety and the Environment

Indoor and outdoor air quality should be a consideration when deciding on which fuel you choose. There are many types of emissions. They include particulate matter (PM), carbon monoxide (CO), nitrogen oxides (NOx), and sulfur oxides (SOx), and they all affect air quality. Fuel Oil, Kerosene, Propane and Natural Gas all burn efficiently and cleanly, with modern units contributing very little to particulate or other emissions. The following air quality and safety facts should also weigh in on your choice:

- * Residential wood burning in the U.S. emits 420,000 tons of PM each year, contributing to higher mortality rates and lung disease, including asthma in children (source: EPA).
- * While pellet stoves emit 10 times less particulate pollution than older wood stoves, they still release 50 times more particles than an oil furnace. These patterns also hold true for carbon monoxide, nitrogen oxide and sulfur dioxide emissions. (Portland Press Herald, 7/23/08, "Burning Question: Oil or wood less dirty").
- * While emissions from burning natural gas in an appliance might be low, the magnitude of greenhouse gas emissions

attributable to the natural gas distribution systems is actually quite high. According to the EPA, natural gas distribution systems are responsible for over 25% of methane emissions in this country, making it second only to landfills in the emissions of this potent greenhouse gas.

- * Replacing electric heat in homes with oil equipment lowers greenhouse gas emissions by more than 50% - or 16 tons of greenhouse gases per year for each house that is converted to oil.
- * Oil is safe. Heating oil is non-explosive. Unlike propane or natural gas, if a heating oil leak should occur, it is not an explosive hazard. Wood stoves have a high fire risk associated with them due to chimney fires, and pellet stoves also carry this risk if not properly maintained.
- * The risk of exposure to dangerous levels of carbon monoxide (CO) is substantially less with oil heat than with natural gas or wood heat. Carbon monoxide cannot be detected by one's senses, and prolonged exposure to it can cause injury and even death.

Convenience and ease of use

Your lifestyle and health may deeply affect the value of a convenient fuel. For some it may be an essential to have a convenient fuel. Others don't mind the extra effort required. There is, however, a pretty direct correlation between the cost of the fuel and its ease of use.

- * Wood, coal and pellets all require your daily attention in the form of stacking, storing and loading the fuel. Daily ash removal and related cleaning is also required. Depending on your physical abilities, health, or daily schedule, you may find the small savings is not worth the extra effort.
- * Electricity requires no maintenance, not even an annual cleaning, but it is the most expensive.
- * Fuel Oil, Propane and Natural gas require annual or occasional tune ups. For most homeowners, these fuels offer the right balance between cost and convenience.

But what about the future?

Looking ahead, innovation and technology may change the range of products we offer. With over 70 years of experience, we make it our business to stay informed about all the options out there. The fact is alternative fuels and renewable energy still come at a premium. In the mean time, we are confident petroleum products are still the best way to go today. They are clean, reliable and reasonable - a "trifecta" in home heating fuels.

Employee News

Employee of the Year



Analee Johnson

Analee started working in our office only 2 ½ years ago, but she is such a standout employee it is no surprise she was honored with the Employee of the Year award at our annual company awards dinner.

From the very start she showed she was a very quick learner and particularly good with the customers. She has never been afraid to take on a challenge and is always ready to lend a hand. In short, Analee is just about the nicest person you will meet. She impresses everyone with her professionalism and her kindness no matter who she is working with.

She has her fun too, don't you worry. Between her "crazy Sunday night (beach) volleyball crew" and her detailed take on holiday decorating she has a lot on her plate. Family is really at the center of her personal life, and she likes to spend time with them best of all.

We feel so fortunate to have employees like Analee: friendly, helpful, and committed to doing a great job. Thanks Analee - you do a fantastic job!

New employee



Daniel Mattice

Sometimes growth is painful, and sometimes it brings us new talent and opportunity. Having Dan join our team is all about growing in the best of ways!

When it became clear we needed more help in the office, we looked for someone who was eager to learn all facets of the business, from credit extension to budgeting, from burner service work to delivery.

Growing someone from the ground up is one way to be sure the best of our experience is passed on. Dan had already proven he was a quick learner and a hard worker from his previous work at Royce International Eyewear and Brooks' BBQ. Since October, he has been showing us he is ready to take on the home heating business as well.

Dan lives in Oneonta and is dedicated to his family (an Uncle 2 times over), his girlfriend, and his community.

We are pleased to have him on our team and hope you join us in giving him a warm welcome!

New employee



Michael Smith

When we needed to expand our Service Team we were lucky to bring on this experienced technician. He had been at Reese-Marshall in Norwich for several years, where he stood out as an ace technician.

Repair and installation work is something that can be taught - up to a point. It is believed that Mike Smith can fix just about anything you put in front of him. We do not doubt it. It must be how he is wired.

Mike also happens to be an all-around nice person. He is always ready to lend a hand. "Mike fits in great," observes Burner Manager Gary Grant, "Not only is he a crackerjack technician, he is easy to work with. Fellow employees and customers alike appreciate him."

Mike is a native of New Berlin. He enjoys spending time with his wife and daughter. He is an avid ATV racer, and also likes racing around his lawn — on the mower.

Welcome to Reinhardt Home Heating Mike!

In Memorial



Roger DeSilva

It is with great sadness that we announce the passing of Roger DeSilva. He died unexpectedly on November 8, 2008 while at his sister's home in Conroe, Texas.

Roger was a lifelong resident of Franklin, a community he loved dearly. He was a member of the Franklin Fire Department and EMS for over 35 years. He was also a member of the Ouleout Valley Post 1689 Legion and the Ouleout Valley Cemetery Association. Roger was a very active member of St. Paul's Episcopal Church in Franklin where he served as warden of the Vestry.

Roger came to work for Reinhardt Home Heating in 2001 and was an ace service technician. "He was one of our most experienced service technicians and it will be difficult to find someone to fill his shoes," says service department manager Gary Grant.

Roger was a true outdoors man. He loved to hunt and fish, and was an avid golfer. "I had the fortunate experience of playing golf with Roger several times. He was a true competitor. I will miss him as an employee and as a friend," says Dave Harder, President of Reinhardt Home Heating.

Heat smart, New York

Earlier this summer we encouraged our customers to fill out a petition expressing their concern about high fuel costs, and to add their thoughts about how we might combat our energy problems. Many of you filled out the petition and sent it back to us. We made lots of copies and forwarded them to various state and federal officials, as well as to our industry representatives. Thanks in part to petitions like ours, and pressure from various industry and consumer groups, meaningful changes occurred on the state and federal levels to provide more assistance and support to those facing higher fuel bills.

Here are some of the concrete steps that have been made since then:

1. New York's congressional delegation secured \$476 million in Low-Income Home Energy Assistance Program (LIHEAP) funds for New York to enable its HEAP program to deal with what is expected to be a winter with significantly increased demand for home heating aid for low-income families, senior citizens and the disabled. The federal government's action will significantly boost efforts to provide relief to cash-strapped New Yorkers unsure about how they will pay to heat their homes this winter.

2. Also \$3.5 million in federal grants to low-income New Yorkers was secured for the installation of energy efficiency measures in 1,205 homes. The grants, awarded by the Division of Housing and Community Renewal (DHCR), will enable weatherization agencies across New York to address unmet energy efficiency needs in their communities.
3. Governor David A. Paterson launched a new statewide, multi-agency public information education campaign called HeatSmartNY, to provide New Yorkers with the tools and assistance they need to get through this coming winter. Eight New York State agencies and authorities have collaborated to address this vital issue and bring relief to New York's most at-risk residents. Check out their website (www.HeatSmartNY.org), which has loads of useful information, and helpful links. A hotline number (877-NY-SMART), has also been created, as well as public service announcements and a series of 630 statewide workshops to provide consumers with easy, do-it-yourself tips to lower heating bills, as well as information about New York's heating-related programs.

Thanks to all of you that took the time to send us your opinion.
Together we made a difference!

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