

BALTIMORE COUNTY PUBLIC SCHOOLS

S. Dallas Dance ♦ Superintendent ♦ 6901 Charles Street ♦ Towson, MD ♦ 21204

Via e-mail: hbain@baltometro.com

April 24, 2014

TO: Participating BRCPC Members
FROM: Paul Cramer, BCPS
RE: Contract PCR-247-12, Heating Oil

Please be advised of the following three issues:

1. NORA (National Oilheat Research Alliance) is a program funded through a fee levied on each gallon of fuel sold for heating purposes (heating oil, kerosene, etc). The program lost congressional authorization in 2010, two years before the solicitation was issued, and the fee was discontinued. Now, however, the recently passed Farm Bill reinstates this fee. Beginning April 1, 2014 all gallons of heating fuel sold are charged the NORA fee of \$0.0020 per gallon. Effective April 1, 2014 Space Petroleum is to collect and pay the fee on every gallon of fuel sold for heating purposes. Although the solicitation stated that price factor was to include all fees, this was meant to apply to existing fees. Bidders could not anticipate nor account for new tax legislation in their proposals. The fee of \$0.0020 will be added to the price factor.
See <http://www.nora-oilheat.org/site20/index.mv?screen=home> for the fee's explanation.
2. Since contract inception, Space Petroleum has been collecting the Leak Underground Storage Tax (LUST) and the Oil Spill Liability Tax (OLST) of \$.001 per gallon. Space Petroleum stopped collecting the LUST & NORA taxes December 12, 2013. See <http://www.epa.gov/oust/ltffacts.htm> . In that this tax was in effect before the solicitation was issued (and still is), it has been collected in error. Before the end of FY 2014 Space Petroleum will, therefore, refund each participating entity per the table below. Please contact **Taryn Ahnert** Tahnert@spacepetroleum.com to advise how you would like your refund distributed. (Ms. Ahnert's full contact information is shown below).

Anne Arundel Community College	\$ 7.50
Anne Arundel County Schools	\$1,646.80
Baltimore City Government	\$ 748.83
Baltimore County Community College	\$ 2.57
Baltimore County Government	\$ 365.62
Baltimore County Revenue Authority	\$ 6.31
Baltimore County Schools	\$1,490.97
Carroll County Government	\$ 13.81

Harford County Government	\$ 180.34
Harford County Schools	\$2,129.91
Howard County Community College	\$ 12.11
Howard County Government	\$ 334.15
Montgomery County Schools	\$ 77.15

Space Petroleum's contact information:

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3. And lastly is the shift from heating oil to dyed ultra-low sulfur diesel fuel (DULSD). As of April 2013, NYMEX heating oil futures and options became ultra low sulfur diesel fuel futures and options. NYMEX heating oil futures and options are now extinct. Nonetheless, some markets and inventories of heating oil still exist. At several points this winter DULSD was cheaper than heating oil. Space Petroleum was selling it to many customers (at their requests) in lieu of, or to be used as, heating oil. The DULSD is environmentally friendly with lower sulfur content and burns much cleaner. Many New England states have already switched (by law) to the ultra-low sulfur fuel. Space Petroleum's suppliers of heating oil are dwindling simply because the demand is shifting due to the cleaner properties of ultra-low sulfur, the suppliers' advantage of inventorying fewer products, and the NYMEX switch. Heating oil may disappear completely, but for now in Maryland you have the flexibility to use either product. Therefore, Space Petroleum will deliver the less expensive of the two products.