



Sean Brown
Commissioner, Department for Children and Families
280 State Drive, HC 1 North
Waterbury, VT 05671-1080

October 5, 2022

Commissioner Brown,

On behalf of certified fuel assistance providers who deliver heating fuel in Vermont, I ask you to consider adjusting the Margin Over Rack pricing discount this winter.

The Vermont Fuel Assistance Program has operated with a discount leveraging mechanism known as Margin-Over-Rack (MOR) since 2013. MOR pricing was created ensure uniformity amongst fuel providers and to reduce program expenses. The pricing is based on the average rack price of terminals in four locations: Burlington, VT; Springfield, MA; Albany, NY; and Portsmouth, NH. The markup is fifty cents above the average of the average four terminal locations.

As the cost of heating fuel increases, so does the cost to distribute and deliver the product. These overhead costs, including labor, insurance, trucks, and diesel fuel, have risen dramatically over the past year. We encourage DCF to increase MOR from 50-cents to 75-cents per gallon to keep up with these rising costs. Both Massachusetts and Connecticut have recently increased their delivery payments under MOR to reflect the escalating costs to dealers.

Thank you for your consideration.

Sincerely,

A handwritten signature in blue ink that reads "Matt Cota".

Matt Cota
VFDA Director of Government Affairs

CC: *Richard Giddings, Fuel Assistance Program Director*