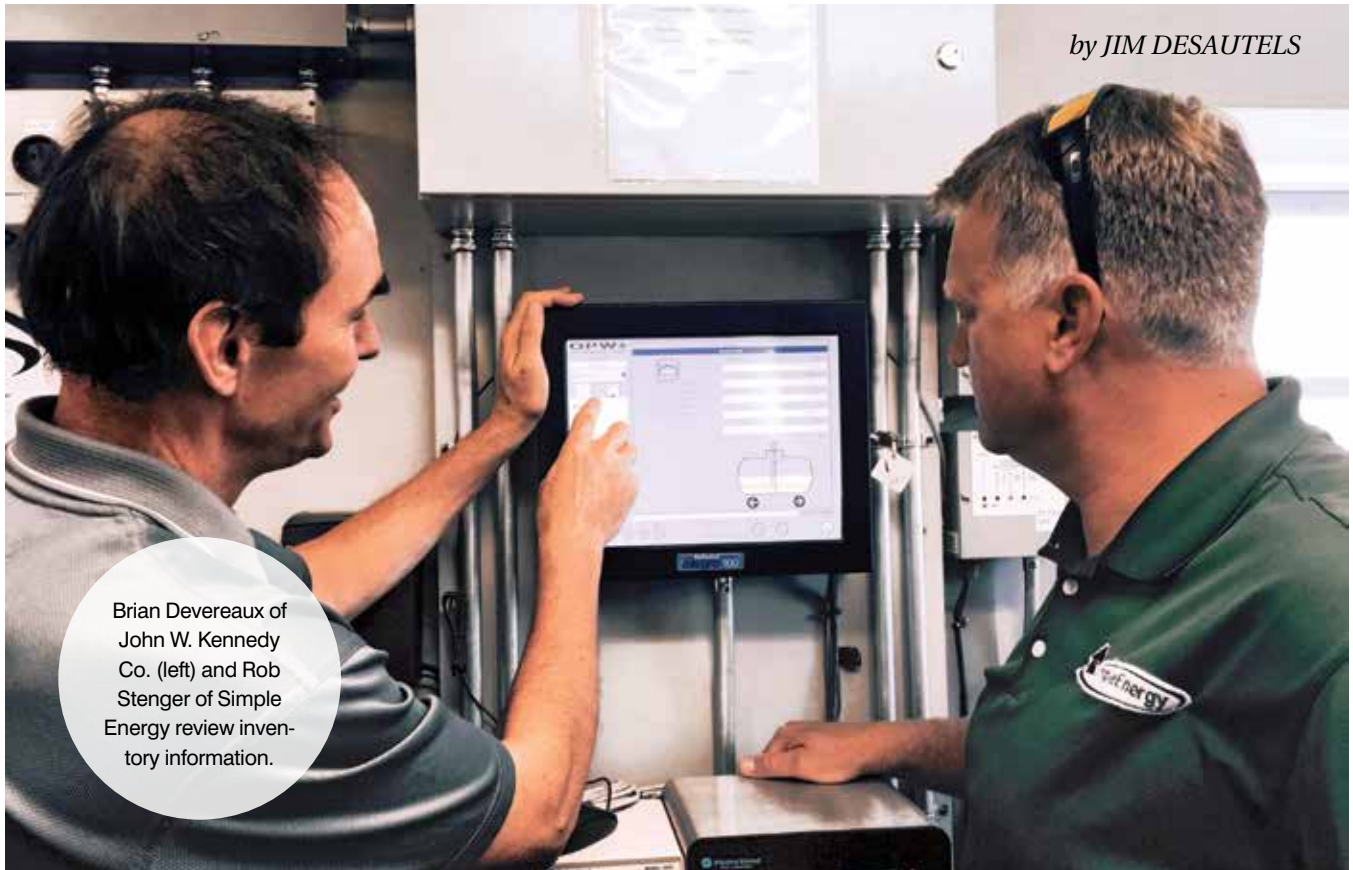


by JIM DESAUTELS



Brian Devereaux of John W. Kennedy Co. (left) and Rob Stenger of Simple Energy review inventory information.

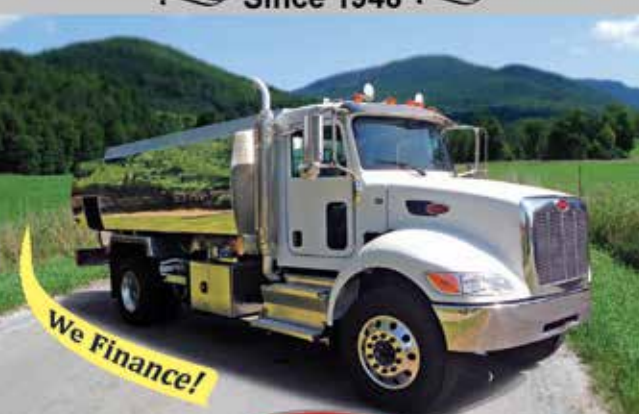
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A Supply Side Solution

Delays in the supply chain were jeopardizing Simple Energy's ability to efficiently serve its fuel oil and propane customers. The marketer took a bold step to solve the problem.

Over the past ten years, central New Hampshire has experienced an intense consolidation of home heating companies—with most of the home heating business dominated by out of state or international companies. As a result, customer satisfaction began to hit an all-time low. So when Kinson Craft and Rob Stenger founded Simple Energy in West Lebanon, N.H., in 2006, they recognized an opportunity to differentiate their heating company by catering to customers who sought the intimate knowledge, accessibility and reliability that smaller, locally owned companies typically provide.

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Stenger looks on as Devereaux demonstrates the C/OPT Fuel Control System, which provides fueling authorization and accountability at Simple Energy's fleet fueling terminal in West Lebanon, N.H.

"Customers universally want to do business with someone who is knowledgeable, who is friendly, and who understands that the consumer on the other end of the line has a fundamental need," Stenger said. "Our company philosophy is that if we have the means to meet a customer's need, we do so in the most simple way possible."

Simple Energy provides two home heating services essential to New Hampshire residents: fuel delivery and HVAC maintenance, design and installation. As Simple Energy has grown, it has expanded its presence in the commercial/industrial sector. The company relies on a fleet of 18 light-duty vehicles to facilitate HVAC service requests, while 12 trucks deliver over 7 million gallons of liquid fuel products annually.

Operating efficiently and keeping things simple for customers is at the core of Simple Energy's day-to-day operations. Maintaining this customer-centric level of service, however, was becoming increasingly challenging as delays in the

fuel supply chain were jeopardizing the fuel oil and propane provider's ability to efficiently serve its 8,500 customers.

Prior to 2014, Simple Energy was leasing space at bulk-storage facilities where third-party contractors facilitated the inventory management for resup-

plying its fuel transport trucks and refueling its fleet. Unfortunately, delays in the supply stream were making it difficult for Simple Energy to effectively manage the market volatility. For Simple Energy, passing these delays on to customers was unacceptable.

"Speed counts in our business, particularly in the four coldest months of the year," Stenger said. "Our customers cannot afford to wait. So we cannot afford to wait at a terminal to reload or resupply our trucks."

It became evident to Craft and Stenger that in order to eliminate these supply vulnerabilities, Simple Energy would have to take control of its own destiny. So in 2012, a new business plan emerged: Simple Energy would build its own bulk- and terminal fleet-fueling operation.

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To ensure the process went smoothly, Simple Energy turned to longtime colleague and friend Brian Devereaux at John W. Kennedy Co. for consulting, planning and equipment sourcing. The wholesale petroleum equipment supplier, headquartered in East Providence, R.I., was a key contributor to the success of the project. While Craft and Stenger had more than 20 years of experience in the petroleum marketing business and were familiar with building and operating bulk plants, it was the first time they would be building one as their own general contractors. Devereaux proved to be an invaluable partner in the design and execution of the fuel site.

Together, the partners collaborated to construct — entirely with in-house resources — a bulk-storage area and a fleet-fueling terminal over the course of two years. Taking a page from Simple Energy's own playbook, Devereaux guided Craft and Stenger towards fueling equipment that would be simple for the heating company to use. So when it came time to select the fuel manage-

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Clockwise from top: OPW's C/OPT Fuel Control System, FSC3000 Fuel Site Controller, Phoenix SQL Fuel Management Software and SiteSentinel Integra 500 Console automate, streamline and simplify inventory management and compliance documentation.

ment and loading equipment that would play a major role in the new operation, Devereaux recommended installing integrated fuel management and loading equipment from OPW, headquartered in Hamilton, Ohio.

"Part of the reason we went with OPW equipment was to ensure maximum compatibility and seamless integration," Devereaux said. "I wanted to present Simple Energy with systems that were

not only easy to install, but easy to use, day in and day out. With these integrated systems from OPW, Simple Energy would be able to control its fuel inventory in real time and streamline fueling operations overall."

Simple Energy's first priority with the new fuel site was to make the bulk storage facility operational in order to eliminate the company's dependence on third-party bulk storage and inventory monitoring services. As such, the company designed the bulk fueling operation's bottom-loading system to ensure that the transfer of fuel was quick and safe. To do so, Devereaux recommended rack-monitoring equipment from Civacon, an OPW Engineered Systems brand. Simple Energy chose Civacon's Thermistor Only Rack Monitor, which ensures delivery trucks are properly grounded and monitored for overfilling.

"Because we manage a sizeable portfolio in not only real-time, but just in time, our ability to operate safely and to do so quickly, is really, really important. The bottom-loading equipment we have from Civacon allows us to optimize our loading while ensuring the truck is safely grounded. It is also very user-friendly and dependable," Stenger said.

In fact, the rack monitor's durability was put to the test within its first months of service. With one of the coldest winters on record in the area in 2014-2015, Simple Energy was prepared for the equipment to experience some service interruptions. But the Civacon rack monitoring system's performance was problem-free. "I cannot tell you how pleased we are with the performance of the equipment," Stenger said. "It did not fail a day, a second, a moment. It kept us in business, with product flowing, all winter long."

In addition to an efficient and reliable on-loading operation, Simple Energy needed to be able to manage their fuel

inventory with agility to remain competitive. To ensure the system attained maximum efficiency, Devereaux recommended several integrated fuel control and monitoring solutions from OPW Fuel Management Systems, a subsidiary of OPW based in Hodgkins, Ill.

The ability to monitor tanks — 24 hours a day and seven days a week — was critical for Simple Energy. To achieve true 24-7 monitoring, the heating business selected a tank gauge that could be accessed remotely: the OPW SiteSentinel Integra 500 Console.

Stenger said the gauge enables Simple Energy to see inventory levels at all times, in all tanks, in real time, 24-7. In addition to its precision inventory data, the gauge provides Simple Energy with automatic, instant email notifications for potential environmental compliance issues, not only in the tanks but in dispenser pans, tank sumps and intermediate sumps. The email alerts enable Simple Energy staff to quickly initiate corrective actions.

"We have all of the systems' fail-safes and alarms programmed to be emailed out to our safety and compliance officer in addition to other key staff members. If something is wrong, we are notified and we can take immediate action," Stenger said.

On the opposite side of the bulk storage area, Simple Energy constructed a fueling terminal that includes two dispensers. To optimize these dispensers, the company needed a way to control and monitor the fueling of its own fleet vehicles, 24 hours a day, seven days a week. To make this happen, Simple Energy installed OPW Fuel Management Systems' C/OPT Fuel Control System in conjunction with its FSC3000 Fuel Site Controller and Phoenix SQL Fuel Management Software. This setup allows Simple Energy to authorize transactions and automatically capture extensive fleet fueling data for maximum accountability.

Prior to the installation of the tank gauge and fuel site controller, Simple Energy was relying on manual inventory

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forecasting and reconciliation procedures, which was another source of vulnerability for the heating company.

"We were relying on this archaic system of manually sticking a skid tank. You depend on somebody to remember to do it, and inevitably someone forgets, usually when you are busiest, and the error creates havoc when you need it the least. And after we'd stick the tank we'd go through a laborious process every day to figure out how much we were going to burn," Stenger said.

Simple Energy is just beginning to explore the suite of automated reporting capabilities available in the fuel management software, but looks forward to streamlining its reconciliation, inventory and compliance documentation.

"The first time the team at our corporate office polled the system for retail transactions and inventory data, they were delighted with how easy it is to do," Stenger said.

The fuel management software has simplified Simple Energy's compliance reporting, which previously required significant oversight.

"There's a lengthy list of federal, state and local record-keeping requirements that we need to meet. With very little human intervention, all of those items are done for us automatically and as frequently as we want them to be," Stenger said.

Fueling its own tankers and fleet vehicles in order to eliminate supply line problems was always Simple Energy's primary objective. However, once the heating company got its new bulk storage and terminal up and running, a new revenue opportunity presented itself: marketing Simple Energy's petroleum inventory to neighboring fleets through the unattended cardlock system.

The fuel control system helped position Simple Energy to manage the increased throughput that a petroleum reseller experiences. Stenger said the new resale operation would not be possible without the cardlock system, which authorizes and accepts a wide variety of commercial fueling network cards. He estimates that Simple Energy will be re-selling one million gallons of diesel a year to fleets located in the same industrial complex as Simple Energy.

"A million gallons — even at a thin margin — makes a sizeable contribution to the carrying cost of the bulk fuel site," Stenger said.

Simple Energy's new bulk storage facility and fueling terminal is just the beginning for the New England heating company — the company strategically chose monitoring and fueling equipment that would enable the company to integrate future fuel sites.

"John W. Kennedy Company helped us to build a fueling operation that not only resolved our immediate supply issues, but positioned Simple Energy for future growth," Stenger said. "We are laying conduit now to add two additional dispensers and are in the process of acquiring additional property to build new facilities just like the one we just completed."

Prior to the installation of the tank gauge and fuel site controller, Simple Energy was relying on manual inventory forecasting and reconciliation procedures.

In order for a local heating company in New Hampshire to remain competitive amid an ever-increasingly consolidated industry, the business must not only bring a unique value proposition to the marketplace, but continuously adapt its operations to remain efficient and have the tools to support future growth. By making a commitment to keeping things simple for its customers, Simple Energy has captured increased market share in less than a decade. The company's investment in OPW's integrated fluid-transfer, tank-monitoring and fuel control systems has primed Simple Energy for expansion, increased efficiencies and created new opportunities for revenue streams.

"The cost-savings of what we are doing on a day-to-day basis is enormous. We are getting a better-than-expected return on our investment," Stenger said. | **FOR**

Jim Desautels is a commercial district manager for OPW Fuel Management Systems, an operating company of Dover Corp.



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