



News of interest  
to our commercial  
customers

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Edition

## COMMERCIAL COMMENTARY

### Fuel Oil Deliveries – Banking on Every Drop.

The recent federal indictments of four fuel oil trucking company executives were disturbing. We at Castle are appalled at the activities alleged in the indictments. Rest assured that Castle remains committed to our customers' complete satisfaction. We have worked hard to earn our coveted reputation for honesty and integrity. Your comfort and peace of mind are our first priorities. That's why you can rest assured that Castle will deliver all the oil you are paying for. When you buy from Castle, you are dealing with a company that has been serving the most discriminating property owners and managers for 80 years. Our fleet of approximately 90 delivery vehicles is driven only by Castle employees. Every driver who delivers for Castle, including our carefully selected independent contractors, is subject to our best delivery practices policy and stringent quality control. When you deal with Castle, you *feel* secure because you *are* secure.

Here's how to ensure accurate oil deliveries.

**1. Install an oil tank gauge.** Tank gauges fall into two categories, manual and electronic. A manual gauge measures the volume of fuel oil contained in the tank in inches. A conversion chart translates the number of inches into the number of gallons of fuel oil in the tank. Problems arise if the gauge wasn't properly calibrated when installed, if it loses calibration over time, or from simple human error due to misreading.

Electronic tank gauges have recently achieved better accuracy than manual ones, but they still have drawbacks. This type of gauge automatically monitors the tank and sends information to a remote reader. Electronic monitors tend to lose their calibration after power failures and surges. When this happens, most gauges will revert back to the manufacturer's default calibration even if the gauge was properly custom-calibrated for the individual tank when it was installed.

Proper calibration for both manual and electronic gauges requires emptying the tank and refilling it while taking measurements at various intervals during the filling process.



Un-retouched photo of approximately one-third of our fleet.

Calibration needs to be verified on a regular schedule to ensure accuracy. The conditions inside a petroleum storage tank are different from tank to tank. Moisture, heat, sediment, and wax buildup can all affect the probes and instruments used in electronic gauging systems. The probes must be cleaned periodically to ensure that they are taking accurate readings.

**2. Ensure that your building receives accurate deliveries.** The simplest and best way to ensure accurate deliveries is to have the building superintendent or engineer present during the entire delivery process. The building representative and the driver can jointly take "before" and "after" readings of the volume of fuel oil in the storage tank using a measuring stick. The difference between the two readings is then compared to the metered volume shown on the truck-imprinted delivery ticket. Of course, a late night or wee hour delivery may make this impractical. If you experience or suspect any problems with a delivery, we urge you to call us *immediately* so that we can undertake a full investigation and resolve the issue promptly. Rest assured that Castle stands behind every one of our deliveries.



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# Castle Oil Corporation's Delivery Integrity Policy—It's as simple as these three words: "Delivery," "Integrity," and "Policy."

You, our customers, include many of the most prestigious real estate management companies and owners in the New York metropolitan area as well as public institutions and non-profit organizations. We maintain a large fleet of *company-owned* delivery vehicles which are driven only by Castle employees. We also use third-party transporters, also called outside truckers or subcontractors, to make a portion of our deliveries. This has been an area of increased scrutiny throughout our industry, but it's also something Castle has long been managing to the satisfaction of our customers.

## I. How we manage third-party transporters

Castle's Operations Department is responsible for coordinating all fuel oil deliveries. Most perceived delivery volume discrepancies have a legitimate explanation such as malfunctioning or misreading of the customer's gauge, incorrect tank charts or calibration, or delivery equipment failure. However, the Operations Department takes steps to minimize delivery volume discrepancies and ensure that third-party transporters making deliveries for Castle do not undermine the trust you have placed in us. The Operations Department handles all customer inquiries concerning perceived delivery volume discrepancies promptly, honestly, and straightforwardly. **Our policy: Every Castle customer will receive all of the fuel oil the customer is paying for.**

## II. How we minimize third-party transporter volume discrepancies

Castle only uses third-party transporters who agree to subject their employees and equipment to the following procedures.

- A. **Driver Surveillance**—We have third-party transporters followed on a random basis without prior notice. The purpose of this random surveillance is to ensure that Castle delivery procedures are followed at all times.
- B. **Spot Equipment Checks**—We randomly require third-party transporters to submit their trucks and equipment (i.e., readily visible piping, hoses, and meters) to inspection. The inspection will include verifying that the truck's meter is sealed and working properly using Castle's in-house prover tank, which is certified by the New York City Department of Weights and Measures. The inspection also ensures that the truck's air eliminator is functioning properly to prevent air passing through the meter. Castle inspects visible piping and valves for any bypasses or other irregularities.
- C. **Spot Delivered Volume Checks**—We randomly verify the reported volume of oil delivered to customers during deliveries. With building management's consent, a Castle employee verifies tank inventory by gauge or stick reading immediately prior to delivery. Following delivery, a Castle employee will return and obtain a second reading to determine if the number of gallons reportedly delivered by the third-party transporter is consistent with the stick readings.

If our procedures indicate a need for further investigation, the driver must return to Castle's terminal immediately and pump off any remaining product. The truck and the driver will be prohibited from making any deliveries for Castle until the investigation is completed.

## III. Castle's response to shortage inquiries

We encourage our customers to report any perceived delivery shortage or discrepancy *immediately* after the delivery is made. A meaningful investigation is possible only if we are told of the problem promptly. Wherever possible, Castle will respond the same day the inquiry is received. The customer will be kept fully informed of the status of all shortage investigations. If we verify the existence of a delivery shortage, we will issue the customer an immediate credit for the amount of the discrepancy.

## IV. Internal accountability

Our management level Delivery Integrity Officer is responsible for implementing the above procedures.

## V. Castle's mandatory procedures to be followed by third-party transporters

### A. Delivery ticket

- 1) The driver must read all delivery tickets completely before starting a delivery.
- 2) The driver must ensure that he is at the correct address.
- 3) The driver must verify the product being delivered with the superintendent.
- 4) The driver must check for special instructions (highlighted in yellow) such as "deliver as ordered," "must get signature," "must get before and after readings," etc.
- 5) The driver must fully complete new account slips when attached and return them at the end of day.

### B. Delivery procedures

- 1) The driver must be courteous and professional to customers and members of the public.
- 2) When arriving at a delivery address, the driver must locate the superintendent, if possible, and verify the address, grade of product, tank capacity, and fill pipe location.
- 3) The driver must read the gauge or stick the tank prior to delivery to verify the inventory, preferably with the superintendent present. If there is no access to obtain a gauge or stick reading, the driver must contact Castle's dispatch department for instructions. If instructed to deliver a specific number of gallons, the driver must write the dispatchers' name on the delivery ticket.
- 4) It is Castle's policy to leave a 10% clearance when delivering oil into a customer's tank. No exceptions are allowed unless a Castle dispatcher gives the driver specific authorization.
- 5) The driver must always double check your calculations, tank sizes, and diameters before delivering.
- 6) If the special instructions on the ticket state that the superintendent's or building engineer's signature must be obtained, the driver may not start the delivery unless the superintendent or engineer is available. If the superintendent or engineer is not available or refuses to sign, the driver must call Castle's dispatch department.

### C. Spills and problem situations

- 1) All spills must be reported immediately to Castle's dispatch department.
- 2) The driver must contain the spill in the best manner possible until the spill cleanup crew arrives, place booms in front of any sewers that might be impacted by the spill, and direct pedestrians away from the affected area.
- 3) Each truck must carry a spill kit at all times.
- 4) The driver must immediately report any property damage to Castle's dispatch department. He must also report all bad fill boxes, wrong-sized fill boxes, wrong tank sizes, incorrect tank charts, etc.

### D. Traffic and Pedestrians

Drivers are required to observe all traffic laws and regulations and to treat other drivers and pedestrians courteously.

**Integrity and Trust are serious business.**

**We will continue to make every effort to deserve the trust you have placed in us.**