



## Man's frustration grows into fuel-buying cooperative

By **BLAKE JONES** [bjones@poststar.com](mailto:bjones@poststar.com) | Posted: Saturday, October 2, 2010 2:30 pm

A few years ago, Michael Casadei was frustrated about his propane service after being left without gas twice in the dead of winter.

He vowed to change suppliers, and started calling around to compare rates.

Casadei discovered that every company had a different price structure, and he couldn't seem to get a fair deal.

"It made me question how propane distributors worked," he said.

After attempting to negotiate lower rates on his own, Casadei organized a group of 12 individuals, and together they formed the Galway Cooperative.

Four years later, the buying group has 3,000 members in all directions from Galway: north to Chestertown, south to Hudson, east to the Massachusetts state line and west to Herkimer.

Casadei said he didn't intend for the gig to turn into a full-time job, but that's what it has become. The co-op receives 15 to 20 new membership applications a day, and Casadei foresees 6,000 members within five years.

"It's a sign of the times," Casadei said. "People are looking to group together."

They are also looking to save money - and on that point the co-op delivers.

The average propane savings is 75 cents a gallon, while the relatively new heating oil contracts save members an average of 20 cents a gallon. All of the wholesale prices are posted online, which allows people to see winter mark-ups, he said.

Like a union for homeowners, Galway Co-op charges a \$35 annual membership fee to bargain on their behalf, using strength in numbers to leverage better deals.

"When you have a contract with a supplier and you are giving them 2 million gallons of propane to pump a year, you get much more respect ... than you do as a single homeowner," Casadei said.

For Tom Case, owner of Ace Modular Homes in Gansvoort, the co-op provides significant savings for his business and home.

He said the variations in the propane market were clear to him when he was paying \$2 a gallon more for propane at his business than he was at his residence - from the same supplier.

With the co-op, he doesn't feel like he is being gouged, and has reduced his bill about 40 percent.

"It saves a lot of money, and it's common sense - 1,000 people have more buying power than one," Case said.

Lake Luzerne resident Susan Beckerle agreed.

She joined the co-op in 2009 after growing frustrated with "outrageous" rates from her propane supplier of 20 years. Beckerle saw instant savings, and hasn't looked back since.

"I was the one calling up my carrier before and saying these rates are crazy," she said. "Now I don't have to."

Galway currently contracts with Ferrellgas for propane. It is free to swap out a tank, or members can purchase their own through the co-op. Ferrellgas doesn't provide servicing, but members like Beckerle say that's a fair trade-off for lower prices.

Last year, the co-op entered the heating oil market, and currently has contracts with two suppliers. Casadei said heating oil has a smaller profit margin, however, which makes it more difficult to negotiate meaningful discounts.

The co-op has also applied to be a reseller for electric and natural gas. Customers would still receive service from National Grid, but would be able to choose a supplier that offered discounts for Galway Co-op members.

Finally, there are discounts for other things like restaurants and trash service through County Waste.

Casadei said a portion of the revenues are donated to local groups. This week, the co-op gave \$1,000 to the Warrensburg food pantry.

Asked how the co-op is different from a business, he said it is about loyalty and commitment.

"Co-op to me means camaraderie," he said.

For more information on the Galway Cooperative, log on to [www.fuels4less.com](http://www.fuels4less.com).

-- This story was updated at 2:30 p.m. Sunday to correct the spelling of Michael Casadei's last name.