

Galway Co-op provides reduced propane costs

Saturday, August 23, 2008 3:00 AM EDT

By By: NEIL KIRBY

GALWAY - The first propane co-op to be created in New York state is catching fire. For a \$35 yearly membership fee, both commercial property and residential homeowners can sign up for Galway Co-op, which allows those who heat with propane reduced rates. "Outside of the co-op, they're paying somewhere around \$3.25 per gallon," said Michael Casadei, who formed the co-op about 2-1/2 years ago. "In the co-op, the same propane sells to our member for \$2.40 per gallon." Casadei borrowed the idea from a chemical co-op for cars and applied it to home and commercial heating. "In an old life, I was a consultant to automobile dealers, and I started a chemical co-op for those dealers," Casadei said. "They would buy the majority of their chemicals at a reduced price as long as they were members, and I took the same concept and applied it here."

Since then, the co-op grew from a few dozen in the Galway area to about 275 in a 70-mile radius. After the co-op switched to Ferrell Gas for a distributor, it can service a wider area, Casadei said. "The intention was originally to service our townspeople and my contract with the distributor at that point was designed for that purpose, and many people from outside the area, more than a 20-mile radius, started calling wanting to become members," Casadei said. "I tried to negotiate with our supplier at that time to exceed the territory we had and they were opposed. So between that and a price increase they tried to impose, we tried to seek another distributor and now we cover a 70-mile radius outside the heart of Galway." The radius includes as far north as Clinton County and as far south as Dutchess County. Anyone in the counties serviced can go on the co-op's Web site, www.galwayco-op.com, and sign up.

"I would say 75 percent of the people in our area are heating with propane to some extent," Casadei said. Though propane generally follows the prices of crude oil, supply and demand as well as a myriad of other factors can determine the rates. Co-op members pay about 85 cents above wholesale. The co-op's long-term plan is to be able to purchase the propane itself and hire a company like Ferrell Gas to deliver it for them, Casadei said.

The nonprofit organization also donates to local food pantries. Last year about \$5,000 to \$6,000 was given, while this year the co-op hopes to give out about \$10,000, Casadei said. Next year, the co-op should be able to give the food pantries about \$15,000 to \$20,000, he said. "These folks are struggling now, and as the economy starts to tighten up, people start looking at all areas to cut costs," Casadei said. "And I guess we're fortunate because we're not quite feeling it the way some people are, but these food pantries are experiencing such an increase of people walking through their door, they're simply not going to be able to accommodate everybody, so something has to give."

