

PROFILE: KEYS ENERGY OF NEW YORK

Picture a Hudson River fuel barge cutting through a foot of winter ice.

For President Jonathan Williamson of Keys Energy of New York, the picture illustrates how “there can’t be a single business model for fuel wholesaling; the challenges of every market, the needs of every customer, the strengths of every wholesaler are different.”

Founded in 2007, Keys Energy has had many successes which illustrate Williamson’s argument. To sell unbranded fuel across the Northeast, Keys has to overcome challenges that range from cold-weather emergencies such as Hurricane Sandy, to mastering the intricacies of the New York Mercantile Exchange (NYMEX). Most of its sales are made to large fuel retailers who, with dozens or even hundreds of sites, have needs that differ from fleet owners and industrial end users. To maximize its sales, adds Williamson, Keys Energy leverages three generations of petroleum industry experience to “partner with our customers, backing up our sales with the support to create a real win.”



Williamson explains that Keys Energy follows “an experienced-based, coaching model” in doing business. At the heart of the “Keys Advantage” are its pricing programs and flexible contract terms that enable customers to manage inventory and take advantage of market conditions in ways that maximize returns for each user.

Customized Pricing

“With some suppliers, you sign a 12-month contract and don’t see the sales rep until next year,” continues Williamson.

“By contrast, the biggest key for our customers is flexibility. For example, because we impose no minimum or maximum restrictions, your liftings can be tailored monthly to fluctuations in local demand or provide flexibility to deal with winter weather. Because our barrels are delivered to terminals, the restrictions and potential outages that can happen with exchange situations are eliminated. Since we pool inventory across the pipeline system, this helps to reduce customers’ risk.”

Multiple pricing strategies offered to Keys Energy customers include overnight bidding, intraday pricing, and index pricing. “We help customers create strategies that take advantage of rising and falling markets,” says Williamson, “optimizing their purchase prices and inventory levels, while complimenting their other supply channels.” What makes it all work is the team that Williamson has assembled. “We bring to the table a unique blend of experiences,” he says, ►

PROFILE: KEYS ENERGY OF NEW YORK



◀ “that enables us to understand all sides of our customers’ business, building close relationships through which we can guide them in their fuel-buying programs.”

As President, Williamson combines years of petroleum industry experience, both in wholesale and retail operations, with an MBA. Vice President of Operations Kathy Jacobs, also with an MBA, came to Keys Energy from the banking industry. Pete Tomaselli, Vice President of Business Development, has a CPA license and joined Keys Energy following a career in the financial sector using analytic tools to improve performance. Jonathan’s uncle, Dean Williamson, is a lifetime petroleum industry veteran who has worked in every facet of the business and focuses today on sales, marketing, and terminal operations. Meanwhile, Operations Manager Jacky Nolan came to Keys Energy after 30 years in the optics industry, where she specialized in streamlining processes through data management and technology. In addition, Business Analysts Andy Weaver and Michele Nolan round out the team

This blend of experiences was brought to bear for a longtime Keys Energy customer whose experience illustrates what Williamson and this team strive to provide. As the

customer states, Keys Energy suggested “alternative procurement and pricing options that worked perfectly in conjunction with more [conventional] pricing services. Whether we used 15-day, fixed-cost deals or bought on the NYMEX, Keys helped us... form strategies that work through unpredictable markets with minimal risk taking, but with possibly very large rewards.”

Due to the “mass exodus of refining capacity from the Northeast,” adds Williamson, “our customers were thrown into a situation where a good deal on a fuel purchase today might not be a good deal tomorrow.” For that reason, he notes, fuel retailers “need a supplier who can monitor the markets and help them decide what are the best pricing programs for a given time and need.” Having a supplier like Keys Energy allows retailers to focus on meeting the intense demands of their core business.

Another customer who operates a chain of high-throughput retail fueling sites points to another facet of Keys Energy service: “Their biggest asset is consistency of supply in an agreed-upon market. They can always be counted on to have supply or provide an alternative if needed.” Given the dynamics of high-volume fuel retailing,

the customer adds, “Consistency and reliability are very important to me as a [fuel] buyer.”

To achieve such certainty of supply, Keys Energy has since 2007 joint ventured with the George E. Warren Corporation of Vero Beach, Florida. They have been a commercial supplier and blender of refined petroleum products for over one hundred years. A member firm of NYMEX, the company is licensed to distribute fuel in 29 states and operates facilities in the New York Harbor as well as the Gulf Coast.

“Weather is a big factor in the Northeast,” states Williamson, “and so consistency is a big factor in choosing a fuel supplier.” Last fall when Hurricane Sandy devastated the Northeast, Keys Energy found ways to keep fuel flowing to their customers. “Product is delivered today via pipeline, ship, barge, and rail,” he explains. “You might buy fuel at a great price, but it won’t do any good if the fuel doesn’t arrive on time. As a fuel wholesaler, we have two jobs—creating a pricing strategy for you and then ensuring the product gets there.”

Family Heritage

Though established just six years ago, Keys Energy traces its company ancestry ▶

PROFILE: KEYS ENERGY OF NEW YORK

◀ back to 1928 when the original Palmyra Oil Company was founded. The Williamson family entered the picture when Jonathan's grandparents Wayne and Thelma bought the company, and named it Pal Oil Co. Fifteen years later, the couple sold the business to their sons Larry, David and Dean, who adopted the name Pal Energy. They built it into a diversified company with a chain of convenience stores, eight distribution facilities, a deep water terminal, supply to over five hundred retail locations, and products ranging from gasoline and jet aviation fuel to heating oil, lubes distribution, retail propane distribution, and HVAC mechanical contracting.

In 1998, the company merged with New England Electric. David Williamson served as President of the unregulated fuels division. Multiple acquisitions were made until the sale of New England Electric to National Grid.

David returned in 2007 with the founding of Keys Energy of Florida Jonathan Williamson recalls growing up around his father and uncle's business. "I had my first 'official' duties when I was seven years old," he recalls. "It was a big thrill to help wash our fuel delivery trucks and paint our fuel storage tanks."

Williamson left New York and the family enterprises for six years. "I thought to myself, 'I'm probably going to spend most of my life up where it's cold.' I wanted to live at least awhile in someplace where it's warm!" he relates. In 2004, he returned from Florida to the Empire State. He interned with Canastota-based Nice N Easy Grocery Shoppes and then went to work as foodservice manager for his family's convenience store chain.



"Being involved on the retail side was a great experience for me," Williamson recounts, "but it also convinced me that my career path lay on the fuel side." When the family had been out of fuel wholesaling for several years, "David, Dean and I were hearing from a number of former customers who enjoyed working with us in the past and wanted to resume that relationship," he says. "That encouraged us to start Keys Energy."

Since then, the company's growth has been rapid and impressive. Sales now extend throughout the Northeast. Some 90 percent of these sales are made to large fuel retailers, some with as many as 300 sites. Throughput is available through the Colonial, Buckeye, Magellan, Nustar, Explorer and Sunoco pipeline systems.

"A vital contributor to our growth," adds Williamson, "is the connections we make through SIGMA. National association meetings are a great way to pull our present and potential customers all into one event. I go to a lot of industry events and shows, but very few of them are fuel-focused. SIGMA provides that. The people we meet are a great sounding board as our company looks to expand."



Geographic expansion is first on the priority list for Williamson and Keys Energy. "But we're also looking in the longer term at the product mix. What's the future of biofuels, natural gas, even electric, as motor fuels?" The trump card for Keys Energy, he believes, is the diverse team the company has put together. "We have people with years of petroleum experience," he explains, "but also people with experience in everything from banking and finance, to analytics and performance, to data management and technology. So we're in a great position to leverage that unique blend to serve not only the customers of today, but of tomorrow." To learn more about Keys Energy, you can visit their website at www.keys-energy.com. **igm**