

Emma DeBerdine

Honors: US History 2

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DeBerdine, Michael. Personal interview with the author. Lancaster, PA. October 17, 2015.

Overview by Emma DeBerdine:

Michael DeBerdine has worked at Rhoads Energy, a local heating and cooling business, for twenty-six years. It was only one year into being an employee when Iraq invaded Kuwait. The Gulf War affected him and the company greatly. When Iraq invaded Kuwait, two of DeBerdine's main crude oil sources, crude oil pricing shot up. Although the increased prices did not last for a while, customers, Rhoads Energy, and DeBerdine were very worried about what the future could hold during the short period. DeBerdine is now a proud CEO of Rhoads Energy Corporation.

Question: (E.DeBerdine): When and where were you born?

Answer: (M.DeBerdine): I was born in St. Joe Hospital in Lancaster, Pennsylvania on June fourteenth of 1964. Our family lived in the Quarryville area until I was a teenager when we moved to southern Lancaster county.

Question: (E.DeBerdine): What is the name and purpose of your business?

Answer: (M.DeBerdine): The name of the company is Rhoads Energy Corporation and the purpose is to provide energy products such as heating oil, gasoline, kerosene, propane and natural gas to consumers for their energy needs. We also provide full service heating and cooling services for their HVAC equipment.

Question: (E.DeBerdine): When did you start at Rhoads Energy and what were your positions there?

Answer: (M.DeBerdine): I started in 1989. I was 25 years old, and I started as an assistant controller. I was hired to take over the existing controller's position, who was preparing to retire in three years. After I became controller in the mid 1990s, I then took over the credit department and eventually became the general manager. And then around 2000, I became the CEO, or the chief executive officer of the company.

Question: (E.DeBerdine): Were you involved with Rhoads Energy when the Gulf War occurred?

Answer: (M.DeBerdine): Yes, I had been at Rhoads Energy for just about a year when Iraq invaded Kuwait to start the conflict in the Persian Gulf. The conflict, or the war, continued between the two countries when the US invaded Iraq in January of 1991.

Question: (E.DeBerdine): What do you remember about the start of the Gulf War and the significance of the events?

Answer: (M.DeBerdine): Yes, so during 1990, Iraq was not happy with Kuwait, and they thought that Kuwait was over producing crude oil. And thus, hurting the value of the crude oil price in the market, or keeping the price down. Iraq thought of, or considered that to be an act of war, economic war, and they invaded Kuwait in the late summer of 1990. DUS did not approve of that, and they ultimately sent in troops in January of 1991, and started an all-out assault on Iraq, and their military stationed in Kuwait in January of 1991. When the events were building up, it was front-page news literally every day, for the fear of crude oil being disrupted all over the world. We received well over 50 percent of all of our crude oil needs from imports of which a lot of it was controlled by the middle east countries including Iraq and Kuwait. During that time period, crude oil became extremely volatile in price. It was down going into it during the early part of the summer, and then as Iraq started to get upset with Kuwait, prices started to go up, literally well over one hundred percent than where they were.

Question: (E.DeBerdine): Where did you get most of your oil for Rhoads Energy?

Answer: (M.DeBerdine): Our sources were, for heating oil and gasoline, were pipeline locations in central Pennsylvania, and the pipelines were fed from terminals in Philadelphia and New York. We also acquired a lot of our heating oil and gasoline from Delaware City at a refinery. Their crude oil source was other countries, though, It was not necessarily crude oil that was being produced here in the United States, but from other countries, including countries from the middle east.

Question: (E.DeBerdine): Did the Gulf War affect how much of your product you got at your company?

Answer: (M.DeBerdine): No, we had no problem with supply, as a matter of fact, many of the countries, seeing the rapid rise in crude oil, as Iraq was getting frustrated with Kuwait, started to produce more and more crude oil to compensate for the amount that Kuwait was not able to produce. During the war, Iraq literally burned the drilling wells in Kuwait as a sign of intolerance towards Kuwait, and also in an effort to raise the price of crude oil. The fact is, the crude oil price went the opposite direction when the US invaded and started the Gulf War and Desert Storm.

Question: (E.DeBerdine): Did the war affect the buying and selling price of your products?

Answer: (M.DeBerdine): Yes, the price of crude oil accelerated up very rapidly once Iraq stated to invade Kuwait. The margins that we were working with were literally cut in half or depleted to our customers. We had to rapidly increase our price to avoid selling heating oil below the cost that we were purchasing from the refineries. The problem was, once we started Desert Storm, the US invaded Iraq, and the troops that were stationed in Kuwait, crude oil and heating oil prices collapsed fifty percent in a single day. Consequently, we were sitting on inventory at a higher price, and we lost value significantly in twenty-four hours. We were stuck holding high priced inventory with nowhere to go with it.

Question: (E.DeBerdine): How did your customers react to the change in pricing?

Answer: (M.DeBerdine): Customers were constantly shopping for cheap oil. It became very erratic pricing to the customer. Some customers were stuck with higher priced oil that they had just paid for, and the very next day, they could've gotten it extremely less expensive. Customers were very upset about the volatility of the market, and were very scared about what could happen. There were projections that crude oil would go up to sixty dollars, but ultimately, it would down to below twenty.

Question: (E.DeBerdine): How did this affect the company as a whole?

Answer: (M.DeBerdine): The company was in an extremely large amount of insecurity. Nobody really knew what was going to happen in the middle east. We knew that supply was not in jeopardy in the short term through the winter, but we also felt that we were in a bit of a problem for long term. We thought that possibly the war could spread into Sarabia, thus really affecting our pricing and our availability to get product, or heating oil, in the long term.

Question: (E.DeBerdine): How did the war affect the company and you personally?

Answer: (M.DeBerdine): The war affected the company because there was a great deal of anxiety about price volatility, rapid movement up, and collapsing of prices overnight. It was very difficult to make profit during this time period, and it was not a very profitable year. Once the war had ceased, me personally, and other employees, were dealing with a lot of uncertainty and concerned customers, trying to keep them calm, so they wouldn't have to worry about getting supply or paying exorbitant high prices for their heating oil. But ultimately, it ended out okay in terms of extra supplies that other countries put out on the market, and helped bring the prices down.