UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended September 30, 2021

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to __________

Commission File Number: 001-14129

STAR GROUP, L.P.
(Exact name of registrant as specified in its charter)

Delaware	**06-1437793**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
9 West Broad Street, Suite 310, Stamford, Connecticut	**06902**
(Address of principal executive office)	**(Zip Code)**

(203) 328-7310
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Units	**SGU**	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the registrant's common units held by non-affiliates on March 31, 2021 was approximately $374,735,728.

As of November 30, 2021, the registrant had 38,610,861 common units outstanding.

Documents Incorporated by Reference: None

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PART I

Statement Regarding Forward-Looking Disclosure

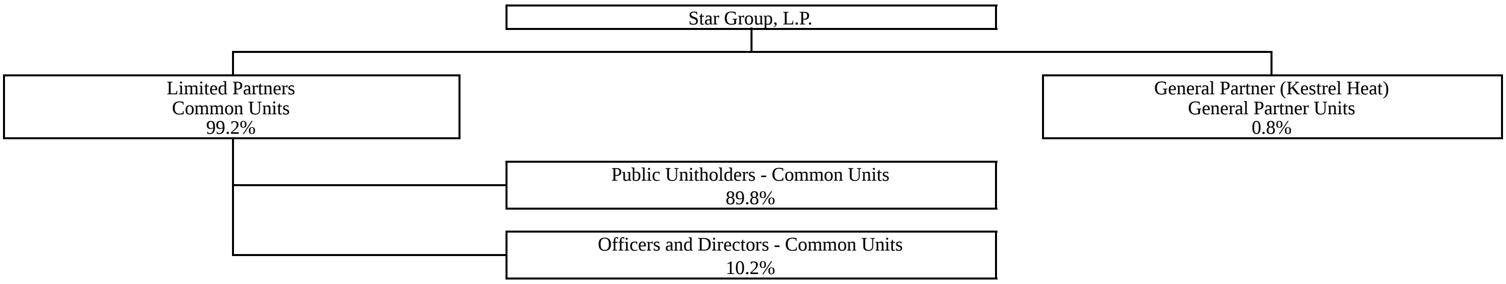
This Annual Report on Form 10-K (this “Report”) includes “forward-looking statements” which represent our expectations or beliefs concerning future events that involve risks and uncertainties, including those associated with the severity and duration of the novel coronavirus, or COVID-19, pandemic, the pandemic’s impact on the U.S. and global economies, the timing, scope and effectiveness of federal, state and local governmental responses to the pandemic, the effect of weather conditions on our financial performance, the price and supply of the products that we sell, the consumption patterns of our customers, our ability to obtain satisfactory gross profit margins, our ability to obtain new customers and retain existing customers, our ability to make strategic acquisitions, the impact of litigation, our ability to contract for our current and future supply needs, natural gas conversions, future union relations and the outcome of current and future union negotiations, the impact of current and future governmental regulations, including climate change, environmental, health, and safety regulations, the ability to attract and retain employees, customer credit worthiness, counterparty credit worthiness, marketing plans, cyber-attacks, inflation, global supply chain issues, labor shortages, general economic conditions and new technology. All statements other than statements of historical facts included in this Report including, without limitation, the statements under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and elsewhere herein, are forward-looking statements. Without limiting the foregoing, the words “believe,” “anticipate,” “plan,” “expect,” “seek,” “estimate,” and similar expressions are intended to identify forward-looking statements. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct and actual results may differ materially from those projected as a result of certain risks and uncertainties. These risks and uncertainties include, but are not limited to, those set forth in this Report under the heading “Risk Factors,” “Business Strategy” and “Management’s Discussion and Analysis.” Important factors that could cause actual results to differ materially from our expectations (“Cautionary Statements”) are disclosed in this Report. Currently, one of the most significant factors, however, is the potential adverse effect of the current pandemic of the novel coronavirus, or COVID-19, on the financial condition, results of operations, cash flows and performance of the Company, its customers and counterparties, and the global economy and financial markets. The extent to which COVID-19 impacts us and our customers will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the scope, severity and duration of the pandemic, the actions taken to contain the pandemic or mitigate its impact, the direct and indirect economic effects of the pandemic and containment measures, among others. All subsequent written and oral forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by the Cautionary Statements. Unless otherwise required by law, we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise after the date of this Report.

ITEM 1. BUSINESS

Structure

Star Group, L.P. (“Star” the “Company,” “we,” “us,” or “our”) is a home heating oil and propane distributor and services provider with one reportable operating segment that principally provides heating related services to residential and commercial customers. At a special meeting of unitholders held on October 25, 2017, our unitholders voted in favor of proposals to have the Company elect to be treated as a corporation, instead of a partnership, for federal income tax purposes (commonly referred to as a “check-the-box election”), along with amendments to our partnership agreement to effect such changes in income tax classification, in each case effective November 1, 2017. In addition, the Company changed its name, effective October 25, 2017, from “Star Gas Partners, L.P.” to “Star Group, L.P.” to more closely align our name with the scope of our product and service offerings. For tax years after December 31, 2017, unitholders will receive a Form 1099-DIV and will not receive a Schedule K-1 as in previous tax years. Our legal structure has remained a Delaware limited partnership and the distribution provisions under our limited partnership agreement, including the incentive distribution structure has remained unchanged. As of November 30, 2021, we had outstanding 38.6 million common partner units (NYSE: “SGU”) representing a 99.2% limited partner interest in Star, and 0.3 million general partner units, representing a 0.8% general partner interest in Star.

The following chart depicts the ownership of Star as of November 30, 2021:



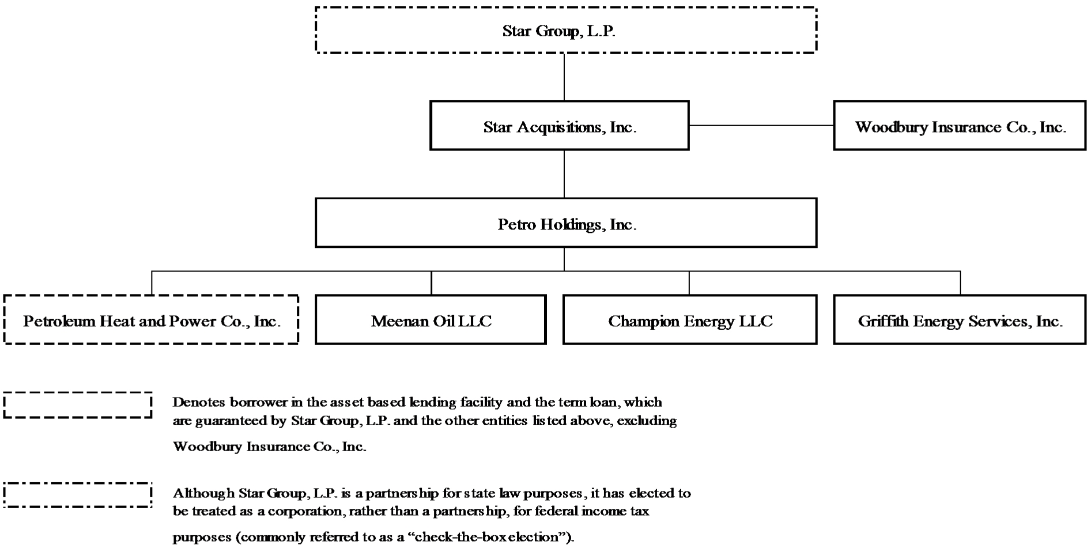
Star is organized as follows:

- Our general partner is Kestrel Heat, LLC, a Delaware limited liability company (“Kestrel Heat” or the “general partner”). The Board of Directors of Kestrel Heat (the “Board”) is appointed by its sole member, Kestrel Energy Partners, LLC, a Delaware limited liability company (“Kestrel”).
- Our operations are conducted through Petro Holdings, Inc., a Minnesota corporation that is a wholly owned subsidiary of Star Acquisitions, Inc., and its subsidiaries.
- Petroleum Heat and Power Co., Inc. (“PH&P”) is a wholly owned subsidiary of Star. PH&P is the borrower and Star is the guarantor of the fifth amended and restated credit agreement’s $130 million five-year senior secured term loan and the $300 million ($450 million during the heating season of December through April of each year) revolving credit facility, both due December 4, 2024. (See Note 13—Long-Term Debt and Bank Facility Borrowings).

We file annual, quarterly, current and other reports and information with the Securities and Exchange Commission, or SEC. These filings can be viewed and downloaded from the Internet at the SEC’s website at www.sec.gov. In addition, these SEC filings are available at no cost as soon as reasonably practicable after the filing thereof on our website at www.stargrouplp.com/sec.cfm. You may also obtain copies of these filings and other information at the offices of the New York Stock Exchange located at 11 Wall Street, New York, New York 10005. Please note that any Internet addresses provided in this Annual Report on Form 10-K are for informational purposes only and are not intended to be hyperlinks. Accordingly, no information found and/or provided at such Internet addresses is intended or deemed to be incorporated by reference herein.

Legal Structure

The following chart summarizes our structure as of September 30, 2021.



Business Overview

We are a home heating oil and propane distributor and service provider to residential and commercial customers who heat their homes and buildings primarily in the Northeast and Mid-Atlantic U.S. regions. As of September 30, 2021, we sold home heating oil and propane to approximately 422,200 full service residential and commercial customers and 71,100 customers on a delivery only basis. Approximately 247,700 of these customers, or 50%, are located in the New York City metropolitan area. We believe we are the largest retail distributor of home heating oil in the United States, based upon sales volume with a market share in excess of 5.5%. We also sell gasoline and diesel fuel to approximately 26,700 customers. We install, maintain, and repair heating and air conditioning equipment and to a lesser extent provide these services outside our heating oil and propane customer base including 18,300 service contracts for natural gas and other heating systems. During fiscal 2021, total sales were comprised approximately 59% from sales of home heating oil and propane, 22% from other petroleum products, the majority of which is diesel and gasoline, and 19% from the installation and repair of heating and air conditioning equipment and ancillary services. We provide home heating equipment repair service and natural gas service 24-hours-a-day, seven-days-a-week, 52 weeks a year. These services are an integral part of our business, and are intended to maximize customer satisfaction and loyalty.

We conduct our business through an operating subsidiary, Petro Holdings, Inc., utilizing multiple local brand names, such as Petro Home Services, Meenan, and Griffith Energy Services, Inc.

We also offer several pricing alternatives to our residential home heating oil customers, including a variable price (market based) option and a price-protected option, the latter of which either sets the maximum price or a fixed price that a customer will pay. Users choose the plan they feel best suits them which we believe increases customer satisfaction. Approximately 95% of our full service residential and commercial home heating oil customers automatically receive deliveries based on prevailing weather conditions. In addition, approximately 33% of our residential customers take advantage of our "smart pay" budget payment plan under which their estimated annual oil and propane deliveries and service billings are paid for in a series of equal monthly installments. We use derivative instruments as needed to mitigate our exposure to market risk associated with our price-protected offerings and the storing of our physical home heating oil inventory. Given our size, we believe we are able to realize certain benefits of scale and provide consistent, strong customer service.

Currently, we have heating oil and/or propane customers in the following states: Connecticut, Delaware, Maine, Maryland, Massachusetts, Michigan, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, Virginia, West Virginia and the District of Columbia.

Industry Characteristics

Home heating oil is primarily used as a source of fuel to heat residences and businesses in the Northeast and Mid-Atlantic regions. According to the U.S. Department of Energy—Energy Information Administration, Residential Energy Consumption Survey (released May 2018), these regions account for 83% (4.8 million of 5.8 million) of the households in the United States where heating oil is the main space-heating fuel and 23% (4.7 million of 20.4 million) of the homes in these regions use home heating oil as their main space-heating fuel. Our experience has been that customers have a tendency to increase their conservation efforts as the price of home heating oil increases, thereby reducing their consumption.

The retail home heating oil industry is mature, with total market demand expected to decline in the foreseeable future due to conversions to natural gas, availability of other alternative energy sources and the installations of more fuel efficient heating systems. Therefore, our ability to maintain our business or grow within the industry is dependent on the acquisition of other retail distributors, the success of our marketing programs, and the growth of our other service offerings. Based on our records, our customer conversions to natural gas have ranged between 1.1% and 1.4% per year over the last five years. We believe this may continue or even increase. In addition, there are legislative and regulatory efforts underway in several states seeking to encourage homeowners to reduce or even eliminate the consumption of carbon based fuels that we sell.

The retail home heating oil industry is highly fragmented, characterized by a large number of relatively small, independently owned and operated local distributors. Some dealers provide full service, as we do, and others offer delivery only on a cash-on-delivery basis, which we also do to a significantly lesser extent. In addition, the industry is complex and costly due to regulations, working capital requirements, and the costs and risks of hedging for price protected customers.

Propane is a by-product of natural gas processing and petroleum refining. Propane use falls into three broad categories: residential and commercial applications; industrial applications; and agricultural uses. In the residential and commercial markets, propane is used primarily for space heating, water heating, clothes drying and cooking. Industrial customers use propane generally as a motor fuel to power over-the-road vehicles, forklifts and stationary engines, to fire furnaces, as a cutting gas and in other process applications. In the agricultural market, propane is primarily used for tobacco curing, crop drying, poultry breeding and weed control.

The retail propane distribution industry is highly competitive and is generally serviced by large multi-state full-service distributors and small local independent distributors. Like the home heating oil industry, each retail propane distribution provider operates in its own competitive environment because propane distributors typically reside in close proximity to their customers. In most retail propane distribution markets, customers can choose from multiple distributors based on the quality of customer service, safety, reputation and price.

It is common practice in our business to price our liquid products to customers based on a per gallon margin over wholesale costs. As a result, we believe distributors such as ourselves generally seek to maintain their per gallon margins by passing wholesale price increases through to customers, thus insulating their margins from the volatility in wholesale prices. However, distributors may be unable or unwilling to pass the entire product cost increases through to customers. We believe this is especially true in the propane business. In these cases, significant decreases in per gallon margins may result. The timing of cost pass-throughs can also significantly affect margins. (See Customers and Pricing for a discussion on our offerings).

Business Strategy

Our business strategy is to increase Adjusted EBITDA (See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations for a definition) and cash flow by effectively managing operations while growing and retaining our customer base as a retail distributor of home heating oil and propane and provider of related products and services. The key elements of this strategy include the following:

Pursue select acquisitions Our senior management team has developed expertise in identifying acquisition opportunities and integrating acquired customers into our operations. We focus on acquiring profitable companies within and outside our current footprint.

We actively pursue home heating oil only companies, propane companies, dual fuel (home heating oil and propane) companies and selectively target motor fuels acquisitions, especially where they are operating in the markets we currently serve.

Deliver superior customer service We are dedicated to consistently providing our customers with superior service and a positive customer experience to improve retention and drive additional revenue. We have established programs and conduct surveys to effectively measure customer satisfaction at certain brands.

We have deployed a customer relationship management solution at most of our larger brands. We believe this allows us to provide a more consistent customer experience as our employees will have a 360 degree-view of each customer with easy access to key customer information and customized dashboards to track individual employee performance.

We have resources dedicated to training employees to provide superior and consistent service and enhance the customer experience. This effort is supported, reinforced and monitored by our local management teams.

Provide complementary service offerings These offerings include, but are not limited to, the sales, service and installation of heating and air conditioning equipment, and standby home generators. In addition, we also repair and install natural gas heating systems.

Pursue environmental sustainability opportunities We are committed to pursuing initiatives that reduce greenhouse gas emissions across our product offerings, including blending biofuel (a carbon neutral renewable fuel produced from vegetable oils or animal fats) into our petroleum products and offering energy efficient heating and air conditioning equipment to our customers.

Seasonality

Our fiscal year ends on September 30. All references to quarters and years respectively in this document are to fiscal quarters and years unless otherwise noted. The seasonal nature of our business results in the sale of approximately 30% of our volume of home heating oil and propane in the first fiscal quarter and 50% of our volume in the second fiscal quarter of each fiscal year, the peak heating season. Approximately 25% of our volume of motor fuel and other petroleum products is sold in each of the four fiscal quarters. We generally realize net income in our first and second fiscal quarters and net losses during our third and fourth fiscal quarters and we expect that the negative impact of seasonality on our third and fourth fiscal quarter operating results will continue. In addition, sales volume typically fluctuates from year to year in response to variations in weather, wholesale energy prices and other factors.

Degree Day

A “degree day” is an industry measurement of temperature designed to evaluate energy demand and consumption. Degree days are based on how far the average daily temperature departs from 65°F. Each degree of temperature above 65°F is counted as one cooling degree day, and each degree of temperature below 65°F is counted as one heating degree day. Degree days are accumulated each day over the course of a year and can be compared to a monthly or a multi-year average to see if a month or a year was warmer or cooler than usual. Degree days are officially observed by the National Weather Service.

Every ten years, the National Oceanic and Atmospheric Administration (“NOAA”) computes and publishes average meteorological quantities, including the average temperature for the last 30 years by geographical location, and the corresponding degree days. The latest and most widely used data covers the years from 1991 to 2020. Our calculations of normal weather are based on these published 30 year averages for heating degree days, weighted by volume for the locations where we have existing operations.

Competition

Most of our operating locations compete with numerous distributors, primarily on the basis of price, reliability of service and response to customer needs. Each such location operates in its own competitive environment.

Customer Attrition

We measure net customer attrition for our full service residential and commercial home heating oil and propane customers. Net customer attrition is the difference between gross customer losses and customers added through marketing efforts. Customers added through acquisitions are not included in the calculation of gross customer gains. However, additional customers that are obtained through marketing efforts at newly acquired businesses are included in these calculations. Customer attrition percentage calculations include customers added through acquisitions in the denominators of the calculations on a weighted average basis. Gross customer losses are the result of a number of factors, including price competition, move outs, credit losses and conversions to natural gas. (See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Customer Attrition.)

Customers and Pricing

The number of home heating oil customers comprise 81% of our product customer base, with propane customers comprising another 14% and motor fuel and other petroleum product customers making up the remaining 5%. (During fiscal 2021 we sold 305.9 million gallons of home heating oil and propane and 154.1 million gallons of motor fuel and other petroleum products.)

Our full service home heating oil customer base is comprised of 97% residential customers and 3% commercial customers. Approximately 95% of our full service residential and commercial home heating oil customers have their deliveries scheduled automatically and 5% of our home heating oil customer base call from time to time to schedule a delivery. Automatic deliveries are scheduled based on each customer's historical consumption pattern and prevailing weather conditions. Our practice is to bill customers promptly after delivery. We offer a balanced payment plan to residential customers in which a customer's estimated annual oil purchases and service contract fees are paid for in a series of equal monthly payments. Approximately 33% of our residential home heating oil customers have selected this billing option.

We offer several pricing alternatives to our residential home heating oil customers. Our variable pricing program allows the price to float with the heating oil market and other factors. In addition, we offer price-protected programs, which establish either a ceiling or a fixed price per gallon that the customer pays over a defined period. The following chart depicts the percentage of the pricing plans selected by our residential home heating oil customers as of the end of the fiscal year.

	September 30,				
	2021	2020	2019	2018	2017
Variable	55.0%	54.4%	53.9%	55.2%	52.6%
Ceiling	39.0%	38.5%	39.1%	36.9%	37.1%
Fixed	6.0%	7.1%	7.0%	7.9%	10.3%
	100.0%	100.0%	100.0%	100.0%	100.0%

Sales to residential customers ordinarily generate higher per gallon margins than sales to commercial customers. Due to greater price sensitivity, our own internal marketing efforts, and hedging costs of residential price-protected customers, the per gallon margins realized from price-protected customers generally are less than from variable priced residential customers.

The propane customer base has a similar profile to heating oil residential and commercial customers. Pricing plans chosen by propane customers are almost exclusively variable in nature where selling prices will float with the propane market and other commercial factors.

The motor fuel and other petroleum products customer group includes commercial and industrial customers of unbranded diesel, gasoline, kerosene and related distillate products. We sell products to these customers through contracts of various terms or through a competitive bidding process.

Derivatives

We use derivative instruments in order to mitigate our exposure to market risk associated with the purchase of home heating oil for our price-protected customers, physical inventory on hand, inventory in transit, priced purchase commitments, and the variable interest rate on a portion of our term loan. Currently, the Company’s derivative instruments are with the following counterparties: Bank of America, N.A., Bank of Montreal, Cargill, Inc., Citibank, N.A., JPMorgan Chase Bank, N.A., Key Bank, N.A., Toronto-Dominion Bank and Wells Fargo Bank, N.A.

The Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 815-10-05, Derivatives and Hedging, requires that derivative instruments be recorded at fair value and included in the consolidated balance sheet as assets or liabilities. To the extent our interest rate derivative instruments designated as cash flow hedges are effective, as defined under this guidance, changes in fair value are recognized in other comprehensive income (loss) until the hedged item is recognized in earnings. We have elected not to designate our commodity derivative instruments as hedging instruments under this guidance, and as a result, the changes in fair value of the derivative instruments during the holding period are recognized in our statement of operations. Therefore, we experience volatility in earnings as outstanding derivative instruments are marked to market and non-cash gains and losses are recorded prior to the sale of the commodity to the customer. The volatility in any given period related to unrealized non-cash gains or losses on derivative instruments can be significant to our overall results. However, we ultimately expect those gains and losses to be offset by the cost of product when purchased. Depending on the risk being hedged, realized gains and losses are recorded in cost of product, cost of installations and services, or delivery and branch expenses.

Suppliers and Supply Arrangements

We purchase our product for delivery in either barge, pipeline or truckload quantities, and as of September 30, 2021, had contracts with approximately 125 third-party terminal sites for the right to temporarily store petroleum products at their facilities. Home heating oil and propane purchases are made under supply contracts or on the spot market. We have entered into market price based contracts for approximately 74% of our expected home heating oil and propane requirements for the fiscal 2022 heating season. For the fiscal year 2022 heating season, approximately 60% of the Company’s contracted home heating oil volume with suppliers has a biofuel component (an increase from the 7% of the Company’s contracted home heating oil volume with a biofuel component in fiscal 2021). We also have market price based contracts for approximately 29% of our expected diesel and gasoline requirements for fiscal 2022.

During fiscal 2021, Motiva Enterprises LLC and Global Companies LLC provided approximately 12% each of our petroleum product purchases. During fiscal 2020, Shell Oil Company, Motiva Enterprises LLC and Global Companies LLC provided approximately 13%, 12% and 11% respectively, of our petroleum product purchases. Supply contracts typically have terms of 6 to 12 months. All of the supply contracts provide for minimum quantities and in most cases do not establish in advance the price of home heating oil or propane. This price is based upon a published market index price at the time of delivery or pricing date plus an agreed upon differential. We believe that our policy of contracting for the majority of our anticipated supply needs with diverse and reliable sources will enable us to obtain sufficient product should unforeseen shortages develop in worldwide supplies.

Liquid Product Price Volatility

Volatility, which is reflected in the wholesale price of liquid products, including home heating oil, propane and motor fuels, has a larger impact on our business when prices rise. Home heating oil consumers are price sensitive to heating cost increases, and this often leads to increased gross customer losses. As a commodity, the price of home heating oil is generally impacted by many factors, including economic and geopolitical forces. The price of home heating oil is closely linked to the price of diesel fuel. The volatility in the wholesale cost of diesel fuel as measured by the New York Mercantile Exchange ("NYMEX"), for the fiscal years ending September 30, 2017, through 2021, on a quarterly basis, is illustrated in the following chart (price per gallon):

	Fiscal 2021 (a)		Fiscal 2020		Fiscal 2019		Fiscal 2018		Fiscal 2017	
Quarter Ended	Low	High	Low	High	Low	High	Low	High	Low	High
December 31	$ 1.08	$ 1.51	$ 1.86	$ 2.05	$ 1.66	$ 2.44	$ 1.74	$ 2.08	$ 1.39	$ 1.70
March 31	1.46	1.97	0.95	2.06	1.70	2.04	1.84	2.14	1.49	1.70
June 30	1.77	2.16	0.61	1.22	1.78	2.12	1.96	2.29	1.37	1.65
September 30	1.91	2.34	1.08	1.28	1.75	2.08	2.05	2.35	1.45	1.86

(a) On November 30, 2021, the NYMEX ultra low sulfur diesel contract closed at $2.06 per gallon or $0.27 per gallon higher than the average of $1.79 in Fiscal 2021.

Acquisitions

Part of our business strategy is to pursue select acquisitions. Each acquired company's operating results are included in the Company's consolidated financial statements starting on its acquisition date. Customer lists, other intangibles (excluding goodwill) and trade names are amortized on a straight-line basis over seven to twenty years.

During fiscal 2021, the Company acquired two propane and three heating oil dealers for approximately $42.5 million; $40.7 million in cash and $1.8 million of deferred liabilities. The gross purchase price was allocated $37.3 million to goodwill and intangible assets, $6.2 million to fixed assets and reduced by $1.0 million to working capital.

During fiscal 2020, the Company acquired two heating oil dealers for approximately $3.3 million; $3.0 million in cash and $0.3 million of deferred liabilities. The gross purchase price was allocated $3.2 million to goodwill and intangible assets, $0.6 million to fixed assets and $0.5 million to working capital. The Company also completed the purchase of assets related to our fiscal 2019 acquisition of a heating oil dealer for an aggregate purchase price of approximately $1.2 million.

During fiscal 2019, the Company acquired one of its subcontractors, a liquid product dealer and the assets of a propane dealer with a combined total of approximately 24,000 home heating oil and propane accounts for an aggregate purchase price of approximately $60.9 million in cash. The gross purchase price was allocated $44.7 million to goodwill and intangible assets, $13.7 million to fixed assets and $2.5 million to working capital.

Employees and Human Capital Management

We consider our employees a key factor to Star's success and we are focused on attracting and retaining the best employees at all levels of our business. In particular, our dedication to providing superior customer service depends significantly on employee satisfaction and retention. We strive to create a productive and collaborative work environment for our employees. Our human capital measures and objectives focus on safety of our employees, employee benefits, and employee development and training.

The safety of our employees and customers is paramount. We strive to ensure that all employees feel safe in their respective work environment. Since March 2020, a majority of our office personnel are working remotely. Our field employees are following COVID-19 guidelines and we continue to make deliveries and provide service to our customers. As peak heating season begins, we have cautiously returned some of customer service, credit, service dispatch, and inside sales employees back into our facilities with our team's health and well-being in mind. We believe that our employees have adapted well and continue to be flexible to the changing working conditions

To attract talent and meet the needs of our employees, we offer benefits packages for full-time employees. We offer a health and welfare and retirement program to all eligible employees. We also provide our employees with resources for professional development including technical training, feedback and performance reviews from supervisors, and management training.

As of September 30, 2021, we had 3,121 employees, of whom 783 were office, clerical and customer service personnel; 898 were equipment technicians; 507 were fuel delivery drivers and mechanics; 613 were management and 320 were employed in sales. Of these employees 1,375 (44%) are represented by 58 different collective bargaining agreements with local chapters of labor unions. Due to the seasonal nature of our business and depending on the demands of the 2022 heating season, we anticipate that we will augment our current staffing levels during the heating season from among the 336 employees on temporary leave of absence as of September 30, 2021. There are 17 collective bargaining agreements up for renewal in fiscal 2022, covering approximately 295 employees (10%). We believe that our relations with both our union and non-union employees are generally satisfactory.

Government Regulations

We are subject to various federal, state and local environmental, health and safety laws and regulations. Generally, these laws impose limitations on the discharge or emission of pollutants and establish standards for the handling of solid and hazardous wastes. These laws include the Resource Conservation and Recovery Act, the Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA”), the Clean Air Act, the Occupational Safety and Health Act, the Emergency Planning and Community Right to Know Act, the Clean Water Act, the Oil Pollution Act, and comparable state statutes. CERCLA, also known as the “Superfund” law, imposes joint and several liabilities without regard to fault or the legality of the original conduct on certain classes of persons that are considered to have contributed to the release or threatened release of a hazardous substance into the environment. Products stored and/or delivered by us and certain automotive waste products generated by our fleet are hazardous substances within the meaning of CERCLA or otherwise subject to investigation and cleanup under other environmental laws and regulations. While we are currently not involved with any material CERCLA claims, and we have implemented programs and policies designed to address potential liabilities and costs under applicable environmental laws and regulations, failure to comply with such laws and regulations could result in civil or criminal penalties or injunctive relief in cases of non-compliance or impose liability for remediation costs.

We have incurred and continue to incur costs to address soil and groundwater contamination at some of our locations, including legacy contamination at properties that we have acquired. A number of our properties are what is currently undergoing remediation, in some instances funded by prior owners or operators contractually obligated to do so. To date, no material issues have arisen with respect to such prior owners or operators addressing such remediation, although there is no assurance that this will continue to be the case. In addition, we have been subject to proceedings by regulatory authorities for alleged violations of environmental and safety laws and regulations. We do not expect any of these liabilities or proceedings of which we are aware to result in material costs to, or disruptions of, our business or operations.

Transportation of our products by truck is subject to regulations promulgated under the Federal Motor Carrier Safety Act. These regulations cover the transportation of hazardous materials and are administered by the United States Department of Transportation or similar state agencies. Several of our oil terminals are governed under the United States Coast Guard operations Oversite, Federal OPA 90 FRP programs and Federal Spill Prevention Control and Countermeasure programs. All of our propane bulk terminals are governed under Homeland Security Chemical Facility Anti-Terrorism Standards programs. We conduct ongoing training programs to help ensure that our operations are in compliance with applicable regulations. We maintain various permits that are necessary to operate some of our facilities, some of which may be material to our operations.

There is increasing attention in the United States and worldwide concerning the issue of climate change and the effect of emissions of greenhouse gases (“GHG”), in particular from the combustion of fossil fuels. Federal, regional and state regulatory authorities in many jurisdictions have begun taking steps to regulate GHG emissions including proposals that encourage homeowners to switch to alternate sources of energy than those we sell.

ITEM 1A. RISK FACTORS

You should consider carefully the risk factors discussed below, as well as all other information, as an investment in the Company involves a high degree of risk. We are subject to certain risks and hazards due to the nature of the business activities we conduct. The risks discussed below, any of which could materially and adversely affect our business, financial condition, cash flows, and results of operations, could result in a partial or total loss of your investment, and are not the only risks we face. We may experience additional risks and uncertainties not currently known to us or, as a result of developments occurring in the future, conditions that we currently deem to be immaterial may also materially and adversely affect our business, financial condition, cash flows and results of operations.

Risk Factors Summary

Below is a summary of material factors that make an investment in our common units speculative or risky:

Risks Related to the COVID-19 Pandemic

- The COVID-19 pandemic has and may continue to adversely impact our business and operations.
- Mandatory COVID-19 vaccination of employees could impact our ability to hire and retain employees and may have a material adverse effect on our business.

Risks Related to Demand and Our Operations

- Our operating results will be adversely affected if we experience significant net customer attrition in our home heating oil and propane customer base, such as from natural gas conversions.
- Because of the highly competitive nature of our business, we may not be able to retain existing customers or acquire new customers.
- If we do not make acquisitions on economically acceptable terms, our future growth will be limited.
- Since weather conditions may adversely affect the demand for home heating oil and propane, our business, operating results and financial condition are vulnerable to warm winters as well as other seasonal fluctuations.

Risks Related to Product Pricing and Costs

- High product prices can lead to customer attrition, resulting in reduced demand for our products and adversely affect our liability.
- Our hedging strategy may adversely affect our liquidity.
- Sudden and sharp oil price increases that cannot be passed on to customers may adversely affect our operating results.
- Significant declines in the wholesale price of home heating oil may cause price-protected customers to renegotiate or terminate their arrangements which may adversely impact our operating results.
- A significant portion of our home heating oil volume is sold to price-protected customers, and our results of operations could be adversely affected if we are not able to hedge against fluctuations in the volume and cost of product sold to those customers.
- Our risk management policies cannot eliminate all commodity risk, basis risk, or the impact of adverse market conditions.
- Our obligation to fund multi-employer pension plans may have an adverse impact on us.

Risks Related to Our Legal and Environmental Activities

- We are subject to operating and litigation risks that could adversely affect our operating results whether or not we are covered by insurance.
- Our results of operations and financial condition may be adversely affected by governmental regulation and associated environmental, tax and regulatory costs.
- Greenhouse gas emissions or other legislation or regulations intended to address climate change could increase our operating costs, adversely affecting our financial results, growth, cash flows and results of operations.
- Our operations would be adversely affected if service at our third-party terminals or on the common carrier pipelines used is interrupted.
- We depend on the use of information technology systems that have been and may in the future be a target of cyber-attacks.

Risks Related to People and Competition

- Conflicts of interest within our company have arisen and could arise again in the future.
- Our inability to identify qualified individuals for our workforce could adversely impact our operations.
- A substantial portion of our workforce is unionized, and, as a result, we may face labor actions that could disrupt our operations.

Risks Related to Ownership of Our Common Units

- Cash distributions are not guaranteed and may fluctuate with performance and reserve requirements.
- If we fail to maintain an effective system of internal controls, then we may not be able to accurately report our financial results or prevent fraud, causing unitholders to lose confidence in our financial reporting, which could harm our business.

Risks Related to Our Indebtedness

- Our substantial debt, as well as a number of restrictive covenants in our Credit Agreement, including through if the indebtedness outstanding thereunder is accelerated, could impair our financial condition and ability to obtain additional financing.
- We are not required to accumulate cash for the purpose of meeting our future debt obligations, which may limit the cash available to service the final payment due under our Credit Agreement.

General Risk Factors

- Economic conditions, which include disruptions in our supply chain and other factors, affecting the delivery of our products and services as well as demand for our products could adversely impact our business.
- Continuing inflation may hurt our sales margins and profitability.
- Energy efficiency and new technology may reduce the demand for our products and adversely affect our operating results.
- The risk of global terrorism and political unrest may adversely affect the economy and availability of the products that we sell and have a material adverse effect on our business.

Risks Related to the COVID-19 Pandemic

The COVID-19 pandemic has caused disruptions to our operations and has impacted our business and may continue to impact our business and operations in numerous ways that remain unpredictable.

Our business has been and may continue to be impacted by the effects of the ongoing COVID-19 pandemic. This pandemic and related measures taken to contain the spread of COVID-19, such as government-mandated business closures, office closures, state and local orders to "shelter in place," and travel and transportation restrictions, have negatively affected the U.S. and global economies, disrupted U.S. and global supply chains and led to unprecedented levels of unemployment. There continues to be uncertainty around the COVID-19 pandemic, its duration, and its impact on U.S. and global economic activity and consumer behavior. The Delta variant of COVID-19, which appears to be the most transmissible and contagious variant to date, has caused a surge in COVID-19 cases globally. The impact of the Delta variant, or other variants that may emerge, cannot be predicted at this time, and could depend on numerous factors, including the availability of vaccines in different parts of the world, vaccination rates among the population, the effectiveness of COVID-19 vaccines against the Delta variant and other variants, and the response by governmental bodies to reinstate mandated business closures, orders to "shelter in place," and travel and transportation restrictions. If workers at one or more of our offices or the offices of our suppliers become ill or are quarantined and in either or both events are therefore unable to work, or we experience other labor constraints resulting from employee turnover or departures due to resistance to vaccine mandates, our operations could be subject to disruption due to staffing shortages. Due to the surge in the Delta variant of the coronavirus, we extended the remote working arrangements implemented for the majority of our office personnel in response to the pandemic. Our remote working arrangements may become strained or result in service delays, especially as these arrangements extend into the peak heating oil season. Further, certain of our customers' financial condition may continue to be adversely impacted as a result of the impacts of COVID-19, or another global public health pandemic, and efforts taken to prevent its spread, which could result in reduced demand or impact their ability to pay for our products and services. We are also experiencing disruptions in the procurement of certain HVAC equipment and home generators.

The extent of the impact of the COVID-19 pandemic on our operational and financial performance, including our ability to execute our business strategies and initiatives, will depend on future developments, including the duration and spread of COVID-19 and related restrictions on travel and general mobility, the price of petroleum products and the timing, scope and effectiveness of federal, state and local governmental responses, all of which are uncertain and cannot be predicted. An extended period of global supply chain and economic disruption caused by COVID-19 and its variants could materially affect our business, results of operations, access to sources of liquidity and financial condition, and we have experienced the negative impacts of such disruption since March 2020.

Mandatory COVID-19 vaccination of employees could impact our workforce and have a material adverse effect on our business and results of operations.

On September 9, 2021, President Biden announced a proposed new rule requiring all employers with at least 100 employees to require that their employees be fully vaccinated or tested weekly. The U.S. Department of Labor's Occupational Safety and Health Administration ("OSHA") issued emergency rules on November 5, 2021 to carry out this mandate. On November 18, 2021, the OSHA suspended enforcement of the vaccine mandate after a U.S. federal court of appeals panel reaffirmed an earlier temporary halt of the mandate. At this time, it is unclear, among other things, if the vaccine mandate will apply to all employees, including our commercial drivers and service technicians, or only to employees who work in the office and how compliance will be documented.

As a company with more than 100 employees, it is anticipated that we would be subject to the OSHA regulation mandating COVID-19 vaccinations for a portion of our workforce. OSHA's vaccine requirement and the proposed new regulation, if implemented, may result in employee attrition, which could materially adversely affect future revenues and costs and have a material adverse effect on our business and results of operations. The vaccine mandate may also put us at a competitive disadvantage vis-à-vis many of our competitors, which have less than 100 employees and are not subject to the vaccine mandate. At this time, it is not possible to predict with certainty the exact impact that the proposed new regulation or the Company's vaccine requirement will have on us or on our workforce.

Risks Related to Demand and Our Operations

Our operating results will be adversely affected if we continue to experience significant net customer attrition in our home heating oil and propane customer base.

The following table depicts our gross customer gains, gross customer losses and net customer attrition from fiscal year 2017 to fiscal year 2021. Net customer attrition is the difference between gross customer losses and customers added through marketing efforts. Customers added through acquisitions are not included in the calculation of gross customer gains. However, additional customer gains that are obtained through marketing efforts and losses at newly acquired businesses are included in these calculations from the point of closing going forward. Customer attrition percentage calculations include customers added through acquisitions in the denominators of the calculations on a weighted average basis from the closing date.

	Fiscal Year Ended September 30,				
	2021	2020	2019	2018	2017
Gross customer gains	10.7%	12.2%	12.9%	13.0%	13.1%
Gross customer losses	14.6%	15.6%	18.3%	16.2%	14.6%
Net attrition	(3.9%)	(3.4%)	(5.4%)	(3.2%)	(1.5%)

The gain of a new customer does not fully compensate for the loss of an existing customer because of the expenses incurred during the first year to add a new customer. Typically, the per gallon margin realized from a new account added is less than the margin of a customer that switches to another provider. Customer losses are the result of various factors, including but not limited to:

- price competition;
- customer relocations and home sales/foreclosures;
- credit worthiness;
- service disruptions; and
- conversions to natural gas.

The continuing volatility in the energy markets can intensify price competition and add to our difficulty in reducing net customer attrition. Warmer than normal weather can also contribute to an increase in attrition as customers perceive less need for a full service provider like ourselves. Additionally, the continuing economic impact of COVID-19 and its variants could increase future attrition due to higher losses from credit related issues.

If we are not able to reduce the current level of net customer attrition or if such level should increase, attrition will have a material adverse effect on our business, operating results and cash available for distributions to unitholders. For additional information about customer attrition, see Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations – Customer Attrition."

Because of the highly competitive nature of our business, we may not be able to retain existing customers or acquire new customers, which would have an adverse impact on our business, operating results and financial condition.

Our business is subject to substantial competition. Most of our operating locations compete with numerous distributors, primarily on the basis of price, reliability of service and responsiveness to customer service needs. Each operating location operates in its own competitive environment.

We compete with distributors offering a broad range of services and prices, from full-service distributors, such as ourselves, to those offering delivery only. As do many companies in our business, we provide home heating equipment repair service on a 24-hour-a-day, seven-day-a-week, 52 weeks a year basis. We believe that this tends to build customer loyalty. In some instances homeowners have formed buying cooperatives that seek to purchase home heating oil from distributors at a price lower than individual customers are otherwise able to obtain. We also compete for retail customers with suppliers of alternative energy products, principally natural gas, propane (in the case of our home heating oil operations) and electricity. If we are unable to compete effectively, we may lose existing customers and/or fail to acquire new customers, which would have a material adverse effect on our business, operating results and financial condition.

Our operating results will be adversely affected if we experience significant net customer attrition from natural gas conversions.

The following table depicts our estimated customer losses to natural gas conversions for the last five fiscal years. Losses to natural gas in our footprint for the home heating oil industry could be greater or less than our estimates.

	Fiscal Year Ended September 30,				
	2021	2020	2019	2018	2017
Customer losses to natural gas conversion	(1.1)%	(1.1)%	(1.4)%	(1.3)%	(1.2)%

In addition to our direct customer losses to natural gas competition, any conversion to natural gas by a heating oil consumer in our geographic footprint reduces the pool of available customers from which we can gain new heating oil customers, and could have a material adverse effect on our business, operating results and financial condition.

If we do not make acquisitions on economically acceptable terms, our future growth will be limited.

Generally, heating oil and propane are alternative energy sources to new housing construction, because natural gas is usually selected when natural gas infrastructure exists. In certain geographies, utilities are building out their natural gas infrastructure. As such, our industry is not a growth industry. Accordingly, future growth will depend on our ability to make acquisitions on economically acceptable terms. We cannot assure that we will be able to identify attractive acquisition candidates in our sector in the future or that we will be able to acquire businesses on economically acceptable terms. Adverse operating and financial results may limit our access to capital and adversely affect our ability to make acquisitions. Under the terms of our fifth amended and restated credit agreement (“Credit Agreement”), we are restricted from making any individual acquisition in excess of $25.0 million without the lenders’ approval. In addition, to make an acquisition, we are required to have Availability (as defined in our Credit Agreement) of at least $40.0 million, on a historical pro forma and forward-looking basis. Furthermore, as long as the bank term loan is outstanding, we must be in compliance with the senior secured leverage ratio (as defined in our Credit Agreement). These covenant restrictions may limit our ability to make acquisitions. Any acquisition may involve potential risks to us and ultimately to our unitholders, including:

- an increase in our indebtedness;
- an increase in our working capital requirements;
- an inability to integrate the operations of the acquired business;
- an inability to successfully expand our operations into new territories;
- the diversion of management’s attention from other business concerns;
- an excess of customer loss from the acquired business;
- loss of key employees from the acquired business; and
- the assumption of additional liabilities including environmental liabilities.

In addition, acquisitions may be dilutive to earnings and distributions to unitholders, and any additional debt incurred to finance acquisitions may, among other things, affect our ability to make distributions to our unitholders.

Since weather conditions may adversely affect the demand for home heating oil and propane, our business, operating results and financial condition are vulnerable to warm winters.

Weather conditions in regions in which we operate have a significant impact on the demand for home heating oil and propane because our customers depend on this product largely for space heating purposes. As a result, weather conditions may materially adversely impact our business, operating results and financial condition. During the peak-heating season of October through March, sales of home heating oil and propane historically have represented approximately 80% of our annual volume sold. Actual weather conditions can vary substantially from year to year or from month to month, significantly affecting our financial performance. Climate change may result in increased weather volatility. Warmer than normal temperatures in one or more regions in which we operate can significantly decrease the total volume we sell and the gross profit realized and, consequently, our results of operations.

To partially mitigate the adverse effect of warm weather on cash flows, we have used weather hedge contracts for a number of years. In general, such weather hedge contracts provide that we are entitled to receive a specific payment per heating degree-day shortfall, when the total number of heating degree-days in the hedge period is less than the ten year average. The “payment thresholds,” or strikes, are set at various levels. The hedge period runs from November 1, through March 31, of a fiscal year taken as a whole.

For fiscal year 2022, we entered into a weather hedging contracts under which we are entitled to a payment capped at $12.5 million if degree days are less than the Payment Threshold and we are obligated to make an annual payment capped at $5.0 million if degree days exceed the Payment Threshold. However, there can be no assurance that such weather hedge contracts would fully or substantially offset the adverse effects of warmer weather on our business and operating results during such period or that colder weather will result in enough profit to offset a payment by the Company to its provider.

Our operating results are subject to seasonal fluctuations.

Our operating results are subject to seasonal fluctuations since the demand for home heating oil and propane is greater during the first and second fiscal quarter of our fiscal year, which is the peak heating season. The seasonal nature of our business has resulted on average in the last five years in the sale of approximately 30% of our volume of home heating oil and propane in the first fiscal quarter and 50% of our volume in the second fiscal quarter of each fiscal year. As a result, we generally realize net income in our first and second fiscal quarters and net losses during our third and fourth fiscal quarters and we expect that the negative impact of seasonality on our third and fourth fiscal quarter operating results will continue. Thus any material reduction in the profitability of the first and second quarters for any reason, including warmer than normal weather, generally cannot be made up by any significant profitability improvements in the results of the third and fourth quarters.

Risks Related to Product Pricing and Costs

High product prices can lead to customer conservation and attrition, resulting in reduced demand for our products.

Prices for our products are subject to volatile fluctuations in response to changes in supply and other market conditions. During periods of high product costs our prices generally increase. High prices can lead to customer conservation and attrition, resulting in reduced demand for our products.

Increases in wholesale product costs may have adverse effects on our business, financial condition, results of operations, or liquidity.

Increases in wholesale product costs may have adverse effects on our business, financial condition and results of operations, including the following:

- customer conservation or attrition due to customers converting to lower cost heating products or suppliers;
- reduced liquidity as a result of higher receivables, and/or inventory balances as we must fund a portion of any increase in receivables, inventory and hedging costs from our own resources, thereby tying up funds that would otherwise be available for other purposes;
- higher bad debt expense and credit card processing costs as a result of higher selling prices;
- higher interest expense as a result of increased working capital borrowing to finance higher receivables and/or inventory balances; and
- higher vehicle fuel costs.

If increases in wholesale product costs cause our working capital requirements to exceed the amounts available under our revolving credit facility or should we fail to maintain the required availability or fixed charge coverage ratio, we would not have sufficient working capital to operate our business, which could have a material adverse effect on our financial condition and results of operations.

Our business requires a significant amount of working capital to finance inventory and accounts receivable generated during the heating season. Under our Credit Agreement, we may borrow up to $300 million, which increases to $450 million during the peak winter months from December through April of each fiscal year. We are obligated to meet certain financial covenants under our Credit Agreement, including the requirement to maintain at all times either excess availability (borrowing base less amounts borrowed and letters of credit issued) of 12.5% of the revolving credit commitment then in effect or a fixed charge coverage ratio (as defined in our Credit Agreement) of not less than 1.1. In addition, as long as our term loan is outstanding, our senior secured leverage ratio cannot be more than 3.0 as calculated as of the quarters ending June 30 or September 30, and no more than 4.5 as calculated as of the quarters ending December 31 or March 31.

At December 31, 2021, we expect to have approximately 22 million gallons of priced purchase commitments and physical inventory hedged with a futures contract or swap. If the wholesale price of heating oil increased $1 per gallon, our near term liquidity in December would be reduced by $22.0 million.

At September 30, 2021, we had approximately 111,500 customers, or 33% of our residential customer base, on the balanced payment plan in which a customer’s estimated annual oil purchases and service contract fees are paid for in a series of equal monthly payments. Increases in wholesale prices could reduce our liquidity if we failed to recalculate the balanced payments on a timely basis or if customers resist higher balanced payments. These customers could possibly owe us more in the future than we had budgeted. Generally, customer credit balances are at their low point after the end of the heating season and at their peak prior to the beginning of the heating season.

Our hedging strategy may adversely affect our liquidity.

We purchase derivatives, futures and swaps from members of our lending group in order to mitigate exposure to market risk associated with our inventory and the purchase of home heating oil for price-protected customers. Future positions require an initial cash margin deposit and daily mark to market maintenance margin, whereas options are generally paid for as they expire. Mark-to-market exposure reduces our borrowing base and as such can reduce the amount available to us under our Credit Agreement. The highest mark to market reserve against our borrowing base for these derivative instruments with our lending group was $13.2 million, $20.2 million, and $22.7, during fiscal years 2021, 2020, and 2019 respectively.

We also purchase call options from members of our lending group to hedge the price of the products to be sold to our price-protected customers which usually require us to pay an upfront cash payment. This reduces our liquidity, as we must pay for the option before any sales are made to the customer. We further purchase futures contracts with members of our lending group in order to mitigate exposure to market risk associated with physical inventory. Our futures contracts require an initial cash deposit and maintenance margin for changes in the market value of the contracts.

Sudden and sharp oil price increases that cannot be passed on to customers may adversely affect our operating results.

Our industry is a “margin-based” business in which gross profit depends on the excess of sales prices per gallon over supply costs per gallon. Consequently, our profitability is sensitive to changes in the wholesale product cost caused by changes in supply or other market conditions. These factors are beyond our control and thus, when there are sudden and sharp increases in the wholesale cost of home heating oil and propane, we may not be able to pass on these increases to customers through increased retail sales prices. In an effort to retain existing accounts and attract new customers we may offer discounts, which will impact the net per gallon gross margin realized.

Significant declines in the wholesale price of home heating oil may cause price-protected customers to renegotiate or terminate their arrangements which may adversely impact our gross profit and operating results.

When the wholesale price of home heating oil declines significantly after a customer enters into a price protection arrangement, some customers attempt to renegotiate their arrangement in order to enter into a lower cost pricing plan with us or terminate their arrangement and switch to a competitor. Under our current price-protected programs, approximately 39.0% and 6.0% of our residential customers are respectively categorized as being either ceiling or fixed as of September 30, 2021.

A significant portion of our home heating oil volume is sold to price-protected customers (ceiling and fixed) and our gross margins could be adversely affected if we are not able to effectively hedge against fluctuations in the volume and cost of product sold to these customers.

A significant portion of our home heating oil volume is sold to individual customers under an arrangement pre-establishing the ceiling sales price or a fixed price of home heating oil over a fixed period. When the customer makes a purchase commitment for the next period we currently purchase option contracts, swaps and futures contracts for a substantial majority of the heating oil that we expect to sell to these price-protected customers. The amount of home heating oil volume that we hedge per price-protected customer is based upon the estimated fuel consumption per average customer, per month. If the actual usage exceeds the amount of the hedged volume on a monthly basis, we could be required to obtain additional volume at unfavorable margins. In addition, should actual usage in any month be less than the hedged volume (including, for example, as a result of early terminations by fixed price customers), our hedging losses could be greater. Currently, we have elected not to designate our derivative instruments as hedging instruments under FASB ASC 815-10-05 Derivatives and Hedging, and the change in fair value of the derivative instruments is recognized in our statement of operations. Therefore, we experience volatility in earnings as these currently outstanding derivative contracts are marked to market and non-cash gains or losses are recorded in the statement of operations.

Our risk management policies cannot eliminate all commodity risk, basis risk, or the impact of adverse market conditions which can adversely affect our financial condition, results of operations and cash available for distribution to our unitholders. In addition, any noncompliance with our risk management policies could result in significant financial losses.

While our hedging policies are designed to minimize commodity risk, some degree of exposure to unforeseen fluctuations in market conditions remains. For example, we change our hedged position daily in response to movements in our inventory. Any difference between the estimated future sales from inventory and actual sales will create a mismatch between the amount of inventory and the hedges against that inventory, and thus change the commodity risk position that we are trying to maintain. Also, significant increases in the costs of the products we sell can materially increase our costs to carry inventory. We use our revolving credit facility as our primary source of financing to carry inventory and may be limited on the amounts we can borrow to carry inventory. Basis risk describes the inherent market price risk created when a commodity of certain grade or location is purchased, sold or exchanged as compared to a purchase, sale or exchange of a like commodity at a different time or place. Transportation costs and timing differentials are components of basis risk. For example, we use the NYMEX to hedge our commodity risk with respect to pricing of energy products traded on the NYMEX. Physical deliveries under NYMEX contracts are made in New York Harbor. To the extent we take deliveries in other ports, such as Boston Harbor, we may have basis risk. In a backward market (when prices for future deliveries are lower than current prices), basis risk is created with respect to timing. In these instances, physical inventory generally loses value as basis declines over time. Basis risk cannot be entirely eliminated, and basis exposure, particularly in backward or other adverse market conditions, can adversely affect our financial condition, results of operations and cash available for distribution to our unitholders.

We monitor processes and procedures to reduce the risk of unauthorized trading and to maintain substantial balance between purchases and sales or future delivery obligations. We can provide no assurance, however, that these steps will detect and/or prevent all violations of such risk management policies and procedures, particularly if deception or other intentional misconduct is involved.

Our obligation to fund multi-employer pension plans to which we contribute may have an adverse impact on us.

We participate in a number of multi-employer pension plans for current and former union employees covered under collective bargaining agreements. The risks of participating in multi-employer plans are different from single-employer plans in that assets contributed are pooled and may be used to provide benefits to current and former employees of other participating employers. Several factors could require us to make significantly higher future contributions to these plans, including the funding status of the plan, unfavorable investment performance, insolvency or withdrawal of participating employers, changes in demographics and increased benefits to participants. Several of these multi-employer plans to which we contribute are underfunded, meaning that the value of such plans' assets are less than the actuarial value of the plans' benefit obligations.

We may be subject to additional liabilities imposed by law as a result of our participation in multi-employer defined benefit pension plans. Various Federal laws impose certain liabilities upon an employer who is a contributor to a multi-employer pension plan if the employer withdraws from the plan or the plan is terminated or experiences a mass withdrawal, potentially including an allocable share of the unfunded vested benefits in the plan for all plan participants, not just our retirees. Accordingly, we could be assessed our share of unfunded liabilities should we terminate participation in these plans, or should there be a mass withdrawal from these plans, or if the plans become insolvent or otherwise terminate.

While we currently have no intention of permanently terminating our participation in or otherwise withdrawing from any underfunded multi-employer pension plan, there can be no assurance that we will not be required to record material withdrawal liabilities or be required to make material cash contributions in the future to one or more underfunded plans, whether as a result of withdrawing from a plan, or of agreeing to any alternate funding option, or due to any of the other risks associated with being a participating employer in an underfunded plan. Any of these events could negatively impact our liquidity and financial results.

We rely on the continued solvency of our derivatives, insurance and weather hedge counterparties.

If counterparties to the derivative instruments that we use to hedge the cost of home heating oil sold to price-protected customers, physical inventory and our vehicle fuel costs were to fail, our liquidity, operating results and financial condition could be materially adversely impacted, as we would be obligated to fulfill our operational requirement of purchasing, storing and selling home heating oil and vehicle fuel, while losing the mitigating benefits of economic hedges with a failed counterparty. If one of our insurance carriers were to fail, our liquidity, results of operations and financial condition could be materially adversely impacted, as we would have to fund any catastrophic loss. If our weather hedge counterparty were to fail, we would lose the protection of our weather hedge contract. Currently, we have outstanding derivative instruments with the following counterparties: Bank of America, N.A., Bank of Montreal, Cargill, Inc., Citibank, N.A., JPMorgan Chase Bank, N.A., Key Bank, N.A., Toronto-Dominion Bank and Wells Fargo Bank, N.A. Our primary insurance carriers are American International Group, Woodbury Insurance Co., Inc. (our captive insurance subsidiary), and Munich Re Trading LLC., which is our weather hedge counterparty.

Risks Related to Our Legal and Environmental Activities

We are subject to operating and litigation risks that could adversely affect our operating results whether or not covered by insurance.

Our operations are subject to all operating hazards and risks normally incidental to handling, storing, transporting and otherwise providing customers with our products such as natural disasters, adverse weather, accidents, fires, explosions, hazardous material releases, mechanical failures and other events beyond our control. If any of these events were to occur, we could incur substantial losses because of personal injury or loss of life, severe damage to and destruction of property and equipment, and pollution or other environmental damage resulting in curtailment or suspension of our related operations. As a result, we may be a defendant in legal proceedings and litigation arising in the ordinary course of business. The Company records a liability when it is probable that a loss has been incurred and the amount is reasonably estimable.

As we self-insure workers' compensation, automobile and general liability claims up to pre-established limits, we establish liabilities based upon expectations as to what our ultimate liability will be for claims based on our historical factors. We evaluate on an annual basis the potential for changes in loss estimates with the support of qualified actuaries. As of September 30, 2021, we had approximately $80.6 million of insurance liabilities. Other than matters for which we self-insure, we maintain insurance policies with insurers in amounts and with coverage and deductibles that we believe are reasonable and prudent.

However, there can be no assurance that the ultimate settlement of these claims will not differ materially from the assumptions used to calculate the liabilities or that the insurance we maintain will be adequate to protect us from all material expenses related to potential future claims for remediation costs and personal and property damage or that these levels of insurance will be available in the future at economical prices, any of which could have a material effect on our results of operations. Further, certain types of claims may be excluded from our insurance coverage. If we were to incur substantial liability and the damages are not covered by insurance or are in excess of policy limits, or if we incur liability at a time when we are not able to obtain liability insurance, then our business, results of operations and financial condition could be materially adversely affected.

Our captive insurance company may not bring the benefits we expect.

Beginning October 1, 2016, we have elected to insure through a wholly-owned captive insurance company, Woodbury Insurance Co., Inc., certain self-insured or deductible amounts. We also continue to maintain our normal, historical, insurance policies with third party insurers. In addition to certain business and operating benefits of having a captive insurance company, we expect to receive certain cash flow benefits related to the timing of the tax deduction related to these claims. Such expected cash tax timing benefits related to coverage provided by Woodbury Insurance Co., Inc. may not materialize, or any cash tax savings may not be as much as anticipated.

Recent New York legislation has the potential to significantly negatively impact the Company's New York operations.

On July 18, 2019, the State of New York passed the Climate Leadership and Community Protection Act ("CLCPA"). Among other things, the CLCPA sets out a series of emissions reduction, renewable energy, and energy storage goals to significantly reduce the use of carbon-based fossil fuels and eventually achieve net zero greenhouse gas ("GHG") emissions in the state. On August 14, 2020, the New York Department of Environmental Conservation released proposed regulations to limit statewide GHG emissions as a percentage of 1990 emissions to 60% by 2030 and to 15% by 2050. Within four years after the effective date (by July 2023), the New York Department of Environmental Conservation must adopt regulations that, in part, include measures to reduce GHG emissions from sources that have a cumulatively significant impact on statewide GHG emissions. Certain measures, such as reducing GHG emissions from fossil fuel-burning vehicles, boilers and furnaces, if adopted, could significantly negatively impact the Company's New York State operations, which constitute a material portion of the Company's business. Other states in which the Company operates and that are material to the Company's operations have adopted similar GHG laws or have otherwise announced GHG reduction targets. However, whether and in what manner the CLCPA or other states' GHG laws or targets could impact the Company remains uncertain at this time.

Our results of operations and financial condition may be adversely affected by governmental regulation and associated environmental and regulatory costs.

Our business is subject to a wide range of federal, state and local laws and regulations related to environmental and other matters. Such laws and regulations have become increasingly stringent over time. Some state and local governments have enacted or are attempting to enact regulations and incentive programs encouraging the phase-out of the products that we sell in favor of products using electricity or other types of fuels, such as natural gas. We may experience increased costs due to stricter pollution control requirements or liabilities resulting from noncompliance with operating or other regulatory permits. New regulations, such as those relating to underground storage, transportation, and delivery of the products that we sell, might adversely impact operations or make them more costly. In addition, there are environmental risks inherently associated with home heating oil operations, such as the risks of accidental releases or spills. We have incurred and continue to incur costs to remediate soil and groundwater contamination at some of our locations. We cannot be sure that we have identified all such contamination, that we know the full extent of our obligations with respect to contamination of which we are aware, or that we will not become responsible for additional contamination not yet discovered. It is possible that material costs and liabilities will be incurred, including those relating to claims for damages to property and persons and the environment.

There is increasing attention in the United States and worldwide concerning the issue of climate change and the effect of GHG emissions, in particular from the combustion of fossil fuels. Federal, regional and state regulatory authorities in many jurisdictions have begun taking steps to regulate GHG emissions. For example, as discussed above under "Risk Factor - Recent New York legislation has the potential to significantly negatively impact the Company's New York operations," the State of New York passed the CLCPA and other states have passed similar laws or have otherwise announced GHG reduction targets. Additionally, in October 2015, the United States Environmental Protection Agency ("EPA") under President Obama published the Clean Power Plan for the regulation of GHG emissions associated with the energy sector. Under President Trump, the EPA repealed the Clean Power Plan and issued the Affordable Clean Energy ("ACE") Rule which, if implemented, would have resulted in significantly less GHG reductions than would have been the case under the Clean Power Plan. On January 19, 2021, the U.S. Court of Appeals for the District of Columbia vacated the ACE Rule. The repealed Clean Power Plan and vacated ACE Rule have not been replaced. It is likely, however, that any future regulatory program that caps emissions or imposes a carbon tax will increase costs for us and our customers, which could lead to increased conservation or customers seeking lower cost alternatives. We cannot yet estimate the compliance costs or business impact of potential national, regional or state GHG emissions reduction legislation, regulations or initiatives, since many such programs and proposals are still in development.

Our operations would be adversely affected if service at our third-party terminals or on the common carrier pipelines used is interrupted.

The products that we sell are transported in either barge, pipeline or in truckload quantities to third-party terminals where we have contracts to temporarily store our products. Any significant interruption in the service of these third-party terminals or on the common carrier pipelines used would adversely affect our ability to obtain product.

We depend on the use of information technology systems that have been and may in the future be a target of cyber-attacks.

We rely on multiple information technology systems and networks that are maintained internally and by third-party vendors, and their failure or breach could significantly impede operations. In addition, our systems and networks, as well as those of our vendors, banks and counterparties, may receive and store personal or proprietary information in connection with human resources operations, customer offerings, and other aspects of our business. A cyber-attack or material network breach in the security of these systems could include the exfiltration, or other unauthorized access or disclosure, of proprietary information or employee and customer information, as well as disrupt our operations or damage our information technology infrastructure or those of third parties.

For example, in July 2021, we detected a security incident that resulted in the encryption of certain of our information technology systems. Promptly upon discovery of the incident, we launched an investigation with the assistance of an outside cybersecurity firm, notified law enforcement, and took steps to address the incident and restore full operations. Although our investigation of the incident is ongoing, at this time we do not believe any personal information belonging to customers was involved. However, we believe that an unauthorized third party exfiltrated and/or accessed certain employee personal identifying information ("PII") and/or protected health information ("PHI") relating to employee health insurance plans and human resources information, residing on some of the affected systems. We have since restored full operational capacity and were able to continue to serve our customers without interruption. We are in the process of evaluating our existing information security measures and determining whether or where they can be strengthened. Currently, we do not anticipate that this incident will have a material adverse effect on our business, operations or financial results. However, we cannot be certain that that similar cyber-attacks will not occur in the future.

Cyber-attacks are increasing in their frequency, levels of persistence, and sophistication and intensity. Furthermore, because the techniques used to obtain unauthorized access to, or to disrupt, information technology systems change frequently, we may be unable to anticipate these techniques or implement security measures that would prevent them. We may also experience security breaches that may remain undetected for an extended period. If another cyber-attack were to occur and cause interruptions in our operations, it could have a material adverse effect on our revenues and increase our operating and capital costs, which could reduce the amount of cash otherwise available for distribution. To the extent that a future cyber-attack, security breach or other such disruption results in a loss or damage to the Company's data, or the disclosure of PII, PHI or other personal or proprietary information, including customer or employee information, it could cause significant damage to the Company's reputation, affect relationships with its customers, vendors and employees, lead to claims against the Company, and ultimately harm our business. In addition, we may be required to incur additional costs to mitigate, remediate and protect against damage caused by cyber-attacks, security breaches or other such disruptions in the future. We may pay significantly higher insurance premiums to maintain cyber insurance coverage, and even if we are able to maintain cyber insurance coverage, it may not be sufficient in amounts and scope to cover all harm sustained by the Company in any future cyber-attack or other data security incident.

Changes in tax laws or regulations may have a material adverse effect on our business, cash flow, financial condition or results of operations.

New income, sales, use or other tax laws, statutes, rules, regulations or ordinances could be enacted at any time, which could adversely affect our business operations and financial performance. Further, existing tax laws, statutes, rules, regulations or ordinances could be interpreted, changed, modified or applied adversely to us. For example, significant changes to the U.S. tax laws have been proposed, including, among others, an increase in the corporate tax rate and the imposition of an excise tax on the fair market value of stock that is repurchased by certain corporations. Changes to existing tax laws or the enactment of future reform legislation could have a material impact on our financial condition, results of operations and ability to pay distributions to our unitholders. It cannot be predicted whether or when tax laws, statutes, rules, regulations or ordinances may be enacted, issued, or amended that could materially and adversely impact our financial position, results of operations, or cash flows.

Risks Related to People and Competition

Conflicts of interest have arisen and could arise in the future.

Conflicts of interest have arisen and could arise in the future as a result of relationships between the general partner and its affiliates, on the one hand, and us or any of our limited partners, on the other hand. As a result of these conflicts the general partner may favor its own interests and those of its affiliates over the interests of the unitholders. The nature of these conflicts is ongoing and includes the following considerations:

- The general partner’s affiliates are not prohibited from engaging in other business or activities, including direct competition with us.
- The general partner determines the amount and timing of asset purchases and sales, capital expenditures, distributions to unitholders, unit repurchases, borrowings and reserves, each of which can impact the amount of cash, if any, available for distribution to unitholders, and available to pay principal and interest on debt and the amount of incentive distributions payable in respect of the general partner units.
- The general partner controls the enforcement of obligations owed to us by the general partner.
- The general partner decides whether to retain its counsel or engage separate counsel to perform services for us.
- In some instances the general partner may borrow funds in order to permit the payment of distributions to unitholders.
- The general partner may limit its liability and reduce its fiduciary duties, while also restricting the remedies available to unitholders for actions that might, without limitations, constitute breaches of fiduciary duty.
- Unitholders are deemed to have consented to some actions and conflicts of interest that might otherwise be deemed a breach of fiduciary or other duties under applicable state law.
- The general partner is allowed to take into account the interests of parties in addition to the Company in resolving conflicts of interest, thereby limiting its fiduciary duty to the unitholders.
- The general partner determines whether to issue additional units or other of our securities.
- The general partner determines which costs are reimbursable by us.
- The general partner is not restricted from causing us to pay the general partner or its affiliates for any services rendered on terms that are fair and reasonable to us or entering into additional contractual arrangements with any of these entities on our behalf.

Our inability to identify qualified individuals for our workforce could slow our growth and adversely impact our ability to operate our business

Our success depends in part upon our ability to attract, motivate and retain a sufficient number of qualified employees to meet the needs of our business. A number of factors may adversely affect the workforce available to us or increase labor costs, including high employment levels, federal unemployment subsidies, including unemployment benefits offered in response to the COVID-19 pandemic, and other government regulations. We have experienced and may continue to experience shortages of qualified individuals to fill these positions. Competition for qualified employees have caused us and may continue to cause us to pay higher wages and provide greater benefits. We place a heavy emphasis on the qualification and training of our personnel and spend a significant amount of time and money on training our team members. Any inability to recruit and retain qualified individuals may result in higher turnover and increased labor costs, and could compromise the quality of our service, could have a material adverse effect on our business, financial condition and results of operations. The COVID-19 pandemic has exacerbated staffing complexities for us. The COVID-19 pandemic has also resulted in aggressive competition for talent, wage inflation and pressure to improve benefits and workplace conditions to remain competitive. Maintaining adequate staffing in our customer-facing departments and hiring and training staff has been significantly complicated by the impacts of the COVID-19 pandemic on our business. Our existing wages and benefits programs, combined with the challenging conditions due to the COVID-19 pandemic and the highly competitive wage pressure resulting from the labor shortage, may be insufficient to attract and retain the best talent. Our failure to recruit and retain employees in a timely manner or higher team member turnover levels all could affect our ability to service our customers leading to customer attrition, and we may experience higher than projected labor costs. In addition, we deliver our products primarily by truck. We compete with other entities for drivers and service technicians' labor, including entities that do not have seasonal businesses such as ours. The shortages of drivers, primarily as a result of the COVID-19 pandemic, has caused an increase in the cost of transportation for us. An overall labor shortage, lack of skilled labor, increased turnover or labor inflation, caused by COVID-19 or as a result of general macroeconomic factors, could have a material adverse impact on the company's operations, results of operations, liquidity or cash flows.

A substantial portion of our workforce is unionized, and we may face labor actions that could disrupt our operations or lead to higher labor costs and adversely affect our business.

As of September 30, 2021, approximately 44% of our employees were covered under 58 different collective bargaining agreements. As a result, we are usually involved in union negotiations with several local bargaining units at any given time. There can be no assurance that we will be able to negotiate the terms of any expired or expiring agreement on terms satisfactory to us. Although we consider our relations with our employees to be generally satisfactory, we may experience strikes, work stoppages or slowdowns in the future. If our unionized workers were to engage in a strike, work stoppage or other slowdown, we could experience a significant disruption of our operations, which could have a material adverse effect on our business, results of operations and financial condition. Moreover, our non-union employees may become subject to labor organizing efforts. If any of our current non-union facilities were to unionize, we could incur increased risk of work stoppages and potentially higher labor costs.

Risks Related to Ownership of Our Common Units

Cash distributions (if any) are not guaranteed and may fluctuate with performance and reserve requirements.

Distributions of available cash by us to unitholders will depend on the amount of cash generated, and distributions may fluctuate based on our performance. The actual amount of cash that is available will depend upon numerous factors, including:

- profitability of operations,
- required principal and interest payments on debt or debt prepayments,
- debt covenants,
- margin account requirements,
- cost of acquisitions,
- issuance of debt and equity securities,
- fluctuations in working capital,
- capital expenditures,

- units repurchased,
- adjustments in reserves,
- prevailing economic conditions,
- financial, business and other factors,
- increased pension funding requirements,
- results of potential adverse litigation, and
- the amount of cash taxes we have to pay in Federal, State and local corporate income and franchise taxes.

Our Credit Agreement imposes restrictions on our ability to pay distributions to unitholders, including the need to maintain certain covenants. (See the fifth amended and restated credit agreement and Note 13 of the Notes to the Consolidated Financial Statements—Long-Term Debt and Bank Facility Borrowings).

If we fail to maintain an effective system of internal controls, then we may not be able to accurately report our financial results or prevent fraud. As a result, current and potential unitholders could lose confidence in our financial reporting, which would harm our business and the trading price of our common units.

Effective internal controls are necessary for us to provide reliable financial reports, prevent fraud and operate successfully as a public company. We may experience difficulties in implementing effective internal controls as part of our integration of acquisitions from private companies, which are not subject to the internal control requirements imposed on public companies. If we are unable to maintain adequate controls over our financial processes and reporting in the future or if the businesses we acquire have ineffective internal controls, our operating results could be harmed or we may fail to meet our reporting obligations. Ineffective internal controls over financial reporting could cause our unitholders to lose confidence in our reported financial information, which would likely have a negative effect on the trading price of our common units.

Risks Related to Our Indebtedness

Our substantial debt and other financial obligations could impair our financial condition and our ability to obtain additional financing and have a material adverse effect on us if we fail to meet our financial and other obligations.

At September 30, 2021, we had outstanding under our fifth amended and restated revolving credit facility agreement a $110.5 million term loan, $8.6 million under the revolver portion of our fifth amended and restated revolving credit facility agreement, $3.1 million of letters of credit, no hedge positions, and our availability was $171.5 million. In December 2019, the Company refinanced its five-year term loan and the revolving credit facility with the execution of the fifth amended and restated revolving credit facility agreement, which had the effect of increasing the amount due under our term loan to $130 million, correspondingly reduced the borrowings under the revolver portion of the fourth amended and restated revolving credit facility agreement and extended the term of the facility to December 2024. (See the fifth amended and restated credit agreement and Note 13 of the Notes to the Consolidated Financial Statements—Long-Term Debt and Bank Facility Borrowings). Exclusive of the term loan, during the last three fiscal years we have utilized as much as $147.4 million of our Credit Agreement in borrowings, letters of credit and hedging reserve. Our substantial indebtedness and other financial obligations could:

- impair our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, unit repurchases or general partnership purposes;
- have a material adverse effect on us if we fail to comply with financial and affirmative and restrictive covenants in our debt agreements and an event of default occurs that is not cured or waived;
- require us to dedicate a substantial portion of our cash flow for principal and interest payments on our indebtedness and other financial obligations, thereby reducing the availability of our cash flow to fund working capital and capital expenditures;
- expose us to interest rate risk because certain of our borrowings are at variable rates of interest;

- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate; and
- place us at a competitive disadvantage compared to our competitors that have proportionally less debt.

If we are unable to meet our debt service obligations and other financial obligations, we could be forced to restructure or refinance our indebtedness and other financial transactions, seek additional equity capital or sell our assets. We might then be unable to obtain such financing or capital or sell our assets on satisfactory terms, if at all.

We are not required to accumulate cash for the purpose of meeting our future obligations to our lenders, which may limit the cash available to service the final payment due on the term loan outstanding under our Credit Agreement.

Subject to the limitations on restricted payments that are contained in our Credit Agreement, we are not required to accumulate cash for the purpose of meeting our future obligations to our lenders. As a result, we may be required to refinance the final payment of our term loan. Our ability to refinance the term loan will depend upon our future results of operation and financial condition as well as developments in the capital markets. Our general partner will determine the future use of our cash resources and has broad discretion in determining such uses and in establishing reserves for such uses, which may include but are not limited to:

- complying with the terms of any of our agreements or obligations;
- providing for distributions of cash to our unitholders in accordance with the requirements of our Partnership Agreement;
- providing for future capital expenditures and other payments deemed by our general partner to be necessary or advisable, including to make acquisitions; and
- repurchasing common units.

Depending on the timing and amount of our use of cash, this could significantly reduce the cash available to us in subsequent periods to make payments on borrowings under our Credit Agreement.

Restrictive covenants in our Credit Agreement may reduce our operating flexibility.

Our Credit Agreement contains various covenants that limit our ability and the ability of our subsidiaries to, among other things:

- incur indebtedness;
- make distributions to our unitholders;
- purchase or redeem our outstanding equity interests or subordinated indebtedness;
- make investments;
- create liens;
- sell assets;
- engage in transactions with affiliates;
- restrict the ability of our subsidiaries to make payments, loans, guarantees and transfers of assets or interests in assets;
- engage in sale-leaseback transactions;
- effect a merger or consolidation with or into other companies, or a sale of all or substantially all of our properties or assets; and
- engage in other lines of business.

These restrictions could limit our ability to obtain future financings, make capital expenditures, withstand a future downturn in our business or the economy in general, conduct operations or otherwise take advantage of business opportunities that may arise. Our Credit Agreement also requires us to maintain specified financial ratios and satisfy other financial conditions. Our ability to meet those financial ratios and conditions can be affected by events beyond their control, such as weather conditions and general economic conditions. Accordingly, we may be unable to meet those ratios and conditions.

Any breach of any of these covenants, failure to meet any of these ratios or conditions, or occurrence of a change of control would result in a default under the terms of the relevant indebtedness or other financial obligations to become immediately due and payable. If we were unable to repay those amounts, the lenders could initiate a bankruptcy proceeding or liquidation proceeding or proceed against the collateral, if any. If the lenders of our indebtedness or other financial obligations accelerate the repayment of borrowings or other amounts owed, we may not have sufficient assets to repay our indebtedness or other financial obligations.

Under our Credit Agreement, the occurrence of a "change of control" is considered a default. We may be unable to repay borrowings under our Credit Agreement if the indebtedness outstanding thereunder is accelerated following a change of control.

In the event of a change in control, we may not have the financial resources to repay borrowings under our Credit Agreement and may be unable to satisfy our obligations unless we are able to refinance or obtain waivers under our other indebtedness.

General Risk Factors

Disruptions in our supply chain and other factors affecting the delivery of our products and services could adversely impact our business.

A disruption within our supply chain network could adversely affect our ability to deliver our products and services in a timely manner, cause an increase in wholesale prices and a decrease in supply, lost sales, customer attrition, increased supply chain costs, or damage to our reputation. Such disruptions may result from weather-related events; natural disasters; international trade disputes or trade policy changes or restrictions; tariffs or import-related taxes; third-party strikes, lock-outs, work stoppages or slowdowns; shortages of supply chain labor, including truck drivers; shipping capacity constraints, including shortages of related equipment; third-party contract disputes; supply or shipping interruptions or costs; military conflicts; acts of terrorism; public health issues, including pandemics or quarantines (such as the COVID-19 pandemic) and related shut-downs, re-openings, or other actions by the government; civil unrest; or other factors beyond our control. Recently, U.S. ports, including those located on the East coast where we receive shipments of products, have been impacted by capacity constraints, port congestion and delays, periodic labor disputes, security issues, weather-related events, and natural disasters, which have been further exacerbated by the pandemic. Disruptions to our supply chain due to any of the factors listed above could negatively impact our financial performance or financial condition.

Hurricanes and other natural disasters and extreme weather conditions could also cause disruptions in the power grid, which could prevent our customers from operating their home heating oil systems, thereby reducing our sales. For example, on October 29, 2012, storm Sandy made landfall in our service area, resulting in widespread power outages that affected a number of our customers. Deliveries of home heating oil and propane were less than expected for certain of our customers who were without power for several weeks subsequent to storm Sandy.

Continuing inflation may hurt our sales margins and profitability.

Cost inflation including significant increases in wholesale product costs, labor rates, and domestic transportation costs have and could continue to impact profitability. Continued imbalances between supply and demand for these resources may continue to exert upward pressure on costs. Our ability to recover these cost increases through price increases may continue to lag the cost increases, resulting in downward pressure on our sales margins.

Energy efficiency and new technology may reduce the demand for our products and adversely affect our operating results.

Increased conservation and technological advances, including installation of improved insulation and the development of more efficient furnaces and other heating devices, have adversely affected the demand for our products by retail customers. Future conservation measures or technological advances in heating, conservation, energy generation or other devices might reduce demand and adversely affect our operating results.

Economic conditions could adversely affect our results of operations and financial condition.

Uncertainty about economic conditions poses a risk as our customers may reduce or postpone spending in response to tighter credit, negative financial news and/or declines in income or asset values, which could have a material negative effect on the demand for our equipment and services and could lead to increased conservation, as we have seen certain of our customers seek lower cost providers. Inflationary economic conditions generally affect us by increasing the cost of employee wages and benefits, transportation costs, product and service cost, credit card processing fees and bad debt from higher selling prices, and borrowings under our credit facility. Any increase in existing customers or potential new customers seeking lower cost providers and/or increase in our rejection rate of potential accounts because of credit considerations could increase our overall rate of net customer attrition. In addition, recessionary economic conditions could negatively impact the spending and financial viability of our customers; particularly our commercial motor fuel customers. As a result, we could experience an increase in bad debts from financially distressed customers, which would have a negative effect on our liquidity, results of operations and financial condition.

The risk of global terrorism and political unrest may adversely affect the economy and the price and availability of the products that we sell and have a material adverse effect on our business, financial condition and results of operations.

Terrorist attacks, political unrest and war may adversely impact the price and availability of the products that we sell, our results of operations, our ability to raise capital and our future growth. The impact that the foregoing may have on our industry in general, and on our business in particular, is not known at this time. An act of terror could result in disruptions of crude oil supplies, markets and facilities, and the source of the products that we sell could be direct or indirect targets. Terrorist activity may also hinder our ability to transport our products if our normal means of transportation become damaged as a result of an attack. Instability in the financial markets as a result of terrorism could also affect our ability to raise capital. Terrorist activity could likely lead to increased volatility in the prices of our products.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

We currently provide services to our customers in the United States in fourteen states and the District of Columbia, ranging from Maine to Maryland from 41 principal operating locations and 77 depots, 51 of which are owned and 67 of which are leased. As of September 30, 2021, we had a fleet of 1,201 truck and transport vehicles, the majority of which were owned, 1,246 service and 390 support vehicles, the majority of which were leased. Our obligations under our Credit Agreement are secured by liens and mortgages on substantially all of the Company’s and subsidiaries’ real and personal property.

ITEM 3. LEGAL PROCEEDINGS—LITIGATION

We are involved from time to time in litigation incidental to the conduct of our business, but we are not currently a party to any material lawsuit or proceeding.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. MARKET FOR REGISTRANT'S UNITS AND RELATED MATTERS

The common units, representing limited partner interests in Star, are listed and traded on the New York Stock Exchange, Inc. ("NYSE") under the symbol "SGU."

The following tables set forth the range of the daily high and low sales prices per common unit and the cash distributions declared on each unit for the periods indicated.

	SGU – Common Unit Price Range				Distributions Declared per Unit	
	High		Low			
Quarter Ended	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2020
December 31,	$ 9.98	$ 9.79	$ 9.07	$ 8.91	$ 0.1325	$ 0.1250
March 31,	$ 10.80	$ 9.61	$ 9.31	$ 6.11	$ 0.1325	$ 0.1250
June 30,	$ 12.03	$ 8.97	$ 10.10	$ 7.00	$ 0.1425	$ 0.1325
September 30,	$ 11.89	$ 9.95	$ 9.58	$ 8.38	$ 0.1425	$ 0.1325

As of November 30, 2021, there were approximately 204 holders of record of common units.

There is no established public trading market for the Company's 0.3 million general partner units.

Distribution Provisions

We are required to make distributions in an amount equal to our Available Cash, as defined in our Partnership Agreement, no more than 45 days after the end of each fiscal quarter, to holders of record on the applicable record dates. Available Cash, as defined in our Partnership Agreement, generally means all cash on hand at the end of the relevant fiscal quarter less the amount of cash reserves established by the Board of Directors of our general partner in its reasonable discretion for future cash requirements. These reserves are established for the proper conduct of our business (including reserves for future capital expenditures) for minimum quarterly distributions during the next four quarters and to comply with applicable laws and the terms of any debt agreements or other agreement to which we are subject. The Board of Directors of our general partner reviews the level of Available Cash each quarter based upon information provided by management.

According to the terms of our Partnership Agreement, minimum quarterly distributions on the common units accrue at the rate of $0.0675 per quarter ($0.27 on an annual basis). The information concerning restrictions on distributions required by Item 5 of this Report is incorporated by reference to Note 4 to the Company's Consolidated Financial Statements - Quarterly Distribution of Available Cash. The Credit Agreement imposes certain restrictions on our ability to pay distributions to unitholders. In order to pay any distributions to unitholders or repurchase Common Units, the Company must maintain Availability (as defined in the Credit Agreement) of $45 million, 15.0% of the facility size of $300 million (assuming the non-seasonal aggregate commitment is in effect), on a historical pro forma and forward-looking basis, and a fixed charge coverage ratio of not less than 1.15 measured as of the date of repurchase. (See Note 13 of the Notes to the Consolidated Financial Statements—Long-Term Debt and Bank Facility Borrowings).

On October 21, 2021, we declared a quarterly distribution of $0.1425 per unit, or $0.57 per unit on an annualized basis, on all Common Units with respect to the fourth quarter of fiscal 2021, paid on November 9, 2021, to holders of record on November 1, 2021. The amount of distributions in excess of the minimum quarterly distribution of $0.0675, were distributed in accordance with our Partnership Agreement, subject to management incentive compensation plan. As a result, $5.5 million was paid to the Common Unit holders, $0.3 million to the general partner unit holders (including $0.2 million of incentive distribution as provided in our Partnership Agreement) and $0.2 million to management pursuant to the management incentive compensation plan which provides for certain members of management to receive incentive distributions that would otherwise be payable to the General Partner.

Common Unit Repurchase Plans and Retirement

Note 5 to the Consolidated Financial Statements concerning the Company's repurchase of Common Units during the fiscal year ended September 30, 2021 is incorporated into this Item 5 by reference.

ITEM 6. (RESERVED)

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Statement Regarding Forward-Looking Disclosure

This Annual Report on Form 10-K (this "Report") includes "forward-looking statements" which represent our expectations or beliefs concerning future events that involve risks and uncertainties, including those associated with the severity and duration of the novel coronavirus, or COVID-19, pandemic, the pandemic's impact on the U.S. and global economies, the timing, scope and effectiveness of federal, state and local governmental responses to the pandemic, the effect of weather conditions on our financial performance, the price and supply of the products that we sell, the consumption patterns of our customers, our ability to obtain satisfactory gross profit margins, our ability to obtain new customers and retain existing customers, our ability to make strategic acquisitions, the impact of litigation, our ability to contract for our current and future supply needs, natural gas conversions, future union relations and the outcome of current and future union negotiations, the impact of current and future governmental regulations, including climate change, environmental, health, and safety regulations, the ability to attract and retain employees, customer credit worthiness, counterparty credit worthiness, marketing plans, cyber-attacks, inflation, global supply chain issues, labor shortages, general economic conditions and new technology. All statements other than statements of historical facts included in this Report including, without limitation, the statements under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere herein, are forward-looking statements. Without limiting the foregoing, the words "believe," "anticipate," "plan," "expect," "seek," "estimate," and similar expressions are intended to identify forward-looking statements. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct and actual results may differ materially from those projected as a result of certain risks and uncertainties. These risks and uncertainties include, but are not limited to, those set forth in this Report under the heading "Risk Factors" and "Business Strategy." Important factors that could cause actual results to differ materially from our expectations ("Cautionary Statements") are disclosed in this Report. Currently, one of the most significant factors, however, is the potential adverse effect of the current pandemic of the novel coronavirus, or COVID-19, on the financial condition, results of operations, cash flows and performance of the Company, its customers and counterparties, and the global economy and financial markets. The extent to which COVID-19 impacts us and our customers will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the scope, severity and duration of the pandemic, the actions taken to contain the pandemic or mitigate its impact, the direct and indirect economic effects of the pandemic and containment measures, among others. All subsequent written and oral forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by the Cautionary Statements. Unless otherwise required by law, we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise after the date of this Report.

Impact of COVID 19 - A Global Pandemic on our Operations and Outlook

In December 2019, there was an outbreak of a new strain of coronavirus ("COVID-19"). On March 11, 2020, the World Health Organization characterized the outbreak of COVID-19 as a global pandemic and recommended containment and mitigation measures. The United States declared a national emergency concerning the outbreak, which adversely impacted global activity and contributed to significant declines and volatility in financial markets. Public health and governmental authorities nationally and in affected regions have taken and continue to take extraordinary and wide-ranging actions to contain and combat the outbreak and spread of COVID-19, including restrictions on travel and business operations, quarantines, and orders and similar mandates for many individuals to substantially restrict daily activities and for many businesses to curtail or cease normal operations.

To date, we have not experienced any supply chain issues impacting our ability to deliver petroleum products to our customers. However, we have experienced and may continue to see disruptions in the procurement of service and installation materials. Since March 2020, we have implemented various measures in response to the COVID-19 pandemic, such as a majority of our office personnel working remotely. While these measures have not significantly impacted our ability to serve our customers to date, these measures may become strained or result in service delays.

As a result of the COVID-19 pandemic, and in order to protect the safety and health of our workforce and our customers, we have expanded certain employee benefit programs and will incur additional operating costs such as sanitizing our facilities, providing personal protective equipment for our employees and providing IT infrastructure to allow many office, clerical, sales and customer service employees to work from home. At this time, we expect the annual cost of these undertakings to be approximately $2.0 million.

The decline in economic activity impacted our motor fuels business in the third and fourth quarters of fiscal 2020 as well as the first and second quarter of fiscal 2021. However, we did experience an increase in motor fuel volumes sold in the third and fourth quarter of fiscal 2021 compared to the third and fourth quarter of fiscal 2020. While it has not yet materially impacted our ability to serve our customers, a combination of continued higher than normal unemployment benefits and an increased desire of prospective employees to work from home has impacted our ability to fully staff our customer service, sales and other functions. In addition, we expect that we will experience an increase in wage rates to fill these positions and we might need to adjust the current wage rates of existing employees. We cannot predict how long this staffing issue will continue, but the shortage in conjunction with any kind of spike in customer activity could cause unacceptable delays in response times and increase customer losses.

As of September 30, 2021, we had accounts receivable of $99.7 million, of which $60.9 million was due from residential customers and $38.8 million due from commercial customers. Our ability to borrow from our bank group is based in part on the aging of these accounts receivable. If past due balances that do not meet the eligibility tests as found in our fifth amended and restated credit agreement increase from historic levels, our future ability to borrow would be reduced.

The Company has taken advantage of certain tax and legislative actions which permitted the Company to defer certain calendar 2020 payroll tax withholdings to calendar 2021 and 2022; approximately half of which were paid in fiscal 2021.

The extent of the impact of the COVID-19 pandemic on our operational and financial performance, including our ability to execute our business strategies and initiatives, will depend on future developments, including the duration and spread of COVID-19 and related restrictions on travel and general mobility, the price of petroleum products and the timing, scope and effectiveness of federal, state and local governmental responses, all of which are uncertain and cannot be predicted. An extended period of global supply chain and economic disruption caused by COVID-19 and its variants could materially affect our business, results of operations, access to sources of liquidity and financial condition.

Impact on Liquidity of Increases and Decreases in Wholesale Product Cost

Our liquidity is adversely impacted in times of increasing wholesale product costs, as we must use more cash to fund our hedging requirements as well as the increased levels of accounts receivable and inventory. This may result in higher interest expense as a result of increased working capital borrowing to finance higher receivables and/or inventory balances. We may also incur higher bad debt expense and credit card processing costs as a result of higher selling prices as well as higher vehicle fuel costs due to the increase in energy costs. While our liquidity is impacted by initial margin requirements for new future positions used to hedge our inventory, it can also be adversely impacted by sudden and sharp decreases in wholesale product costs, due to the increased margin requirements for futures contracts. Likewise, our liquidity and collateral requirements are impacted by the fluctuating cost of options and swaps used to manage the market risks associated with our inventory and protected price customers.

Liquid Product Price Volatility

Volatility, which is reflected in the wholesale price of liquid products, including home heating oil, propane and motor fuels, has a larger impact on our business when prices rise. Consumers are price sensitive to heating cost increases, which can lead to increased gross customer losses. As a commodity, the price of home heating oil is generally impacted by many factors, including economic and geopolitical forces, and, most recently, the COVID-19 pandemic, and is closely linked to the price of diesel fuel. The volatility in the wholesale cost of diesel fuel as measured by the New York Mercantile Exchange ("NYMEX"), for the fiscal years ending September 30, 2017, through 2021, on a quarterly basis, is illustrated in the following chart (price per gallon):

	Fiscal 2021 (a)		Fiscal 2020		Fiscal 2019		Fiscal 2018		Fiscal 2017	
Quarter Ended	**Low**	**High**	**Low**	**High**	**Low**	**High**	**Low**	**High**	**Low**	**High**
December 31	$ 1.08	$ 1.51	$ 1.86	$ 2.05	$ 1.66	$ 2.44	$ 1.74	$ 2.08	$ 1.39	$ 1.70
March 31	1.46	1.97	0.95	2.06	1.70	2.04	1.84	2.14	1.49	1.70
June 30	1.77	2.16	0.61	1.22	1.78	2.12	1.96	2.29	1.37	1.65
September 30	1.91	2.34	1.08	1.28	1.75	2.08	2.05	2.35	1.45	1.86

a) On November 30, 2021, the NYMEX ultra low sulfur diesel contract closed at $2.06 per gallon or $0.27 per gallon higher than the average of $1.79 in Fiscal 2021.

Income Taxes

Book versus Tax Deductions

The amount of cash flow generated in any given year depends upon a variety of factors including the amount of cash income taxes required, which will increase as depreciation and amortization decreases. The amount of depreciation and amortization that we deduct for book (i.e., financial reporting) purposes will differ from the amount that the Company can deduct for Federal tax purposes. The table below compares the estimated depreciation and amortization for book purposes to the amount that we expect to deduct for Federal tax purposes, based on currently owned assets. While we file our tax returns based on a calendar year, the amounts below are based on our September 30 fiscal year, and the tax amounts include any 100% bonus depreciation available for fixed assets purchased. However, this table does not include any forecast of future annual capital purchases.

Estimated Depreciation and Amortization Expense

(in thousands) Fiscal Year	Book	Tax
2021	$ 34,457	$ 39,473
2022	31,246	22,606
2023	27,198	20,820
2024	22,632	20,111
2025	17,998	18,967
2026	14,086	18,142

Weather Hedge Contracts

Weather conditions have a significant impact on the demand for home heating oil and propane because certain customers depend on these products principally for space heating purposes. Actual weather conditions may vary substantially from year to year, significantly affecting the Company's financial performance. To partially mitigate the adverse effect of warm weather on cash flow, we have used weather hedging contracts for a number of years with several providers.

Under these contracts, we are entitled to a payment if the total number of degree days within the hedge period is less than the applicable "Payment Thresholds," or strikes. The hedge period runs from November 1 through March 31, taken as a whole, for each respective fiscal year. For fiscal 2021 we recorded a $3.4 million benefit, and for fiscal 2020 we recorded a benefit of $10.1 million.

For fiscal 2022, we entered into weather hedging contracts under which we are entitled to a payment capped at $12.5 million if degree days are less than the Payment Threshold and we are obligated to make an annual payment capped at $5.0 million if degree days exceed the Payment Threshold. The hedge period runs from November 1, 2021 through March 31, 2022 taken as a whole.

Per Gallon Gross Profit Margins

We believe home heating oil and propane margins should be evaluated on a cents per gallon basis (before the effects of increases or decreases in the fair value of derivative instruments), as we believe that such per gallon margins are best at showing profit trends in the underlying business, without the impact of non-cash changes in the market value of hedges before the settlement of the underlying transaction.

A significant portion of our home heating oil volume is sold to individual customers under an arrangement pre-establishing a ceiling price or fixed price for home heating oil over a set period of time, generally twelve to twenty-four months ("price-protected" customers). When these price-protected customers agree to purchase home heating oil from us for the next heating season, we purchase option contracts, swaps and futures contracts for a substantial majority of the heating oil that we expect to sell to these customers. The amount of home heating oil volume that we hedge per price-protected customer is based upon the estimated fuel consumption per average customer per month. In the event that the actual usage exceeds the amount of the hedged volume on a monthly basis, we may be required to obtain additional volume at unfavorable costs. In addition, should actual usage in any month be less than the hedged volume, our hedging costs and losses could be greater, thus reducing expected margins.

Derivatives

FASB ASC 815-10-05 Derivatives and Hedging requires that derivative instruments be recorded at fair value and included in the consolidated balance sheet as assets or liabilities. To the extent our interest rate derivative instruments designated as cash flow hedges are effective, as defined under this guidance, changes in fair value are recognized in other comprehensive income until the forecasted hedged item is recognized in earnings. We have elected not to designate our commodity derivative instruments as hedging instruments under this guidance and, as a result, the changes in fair value of the derivative instruments are recognized in our statement of operations. Therefore, we experience volatility in earnings as outstanding derivative instruments are marked to market and non-cash gains and losses are recorded prior to the sale of the commodity to the customer. The volatility in any given period related to unrealized non-cash gains or losses on derivative instruments can be significant to our overall results. However, we ultimately expect those gains and losses to be offset by the cost of product when purchased.

Customer Attrition

We measure net customer attrition on an ongoing basis for our full service residential and commercial home heating oil and propane customers. Net customer attrition is the difference between gross customer losses and customers added through marketing efforts. Customers added through acquisitions are not included in the calculation of gross customer gains. However, additional customers that are obtained through marketing efforts or lost at newly acquired businesses are included in these calculations. Customer attrition percentage calculations include customers added through acquisitions in the denominators of the calculations on a weighted average basis. Gross customer losses are the result of a number of factors, including price competition, move-outs, credit losses, conversions to natural gas and service disruptions. When a customer moves out of an existing home, we count the "move out" as a loss, and if we are successful in signing up the new homeowner, the "move in" is treated as a gain. The economic impact of COVID-19 could increase future attrition due to higher losses from credit related issues.

Customer gains and losses of home heating oil and propane customers

	Fiscal Year Ended								
	2021			2020			2019		
	Gross Customer		Net Gains /	Gross Customer		Net Gains /	Gross Customer		Net Gains /
	Gains	Losses	(Attrition)	Gains	Losses	(Attrition)	Gains	Losses	(Attrition)
First Quarter	19,100	19,900	(800)	23,900	23,100	800	26,200	25,400	800
Second Quarter	12,600	17,800	(5,200)	12,600	18,200	(5,600)	12,600	22,300	(9,700)
Third Quarter	6,700	12,300	(5,600)	8,000	13,600	(5,600)	7,100	15,900	(8,800)
Fourth Quarter	9,500	14,900	(5,400)	10,700	15,800	(5,100)	13,200	20,600	(7,400)
Total	47,900	64,900	(17,000)	55,200	70,700	(15,500)	59,100	84,200	(25,100)

Customer gains (attrition) as a percentage of home heating oil and propane customer base

	Fiscal Year Ended								
	2021			2020			2019		
	Gross Customer		Net Gains /	Gross Customer		Net Gains /	Gross Customer		Net Gains /
	Gains	Losses	(Attrition)	Gains	Losses	(Attrition)	Gains	Losses	(Attrition)
First Quarter	4.4%	4.6%	(0.2)%	5.3%	5.1%	0.2%	5.8%	5.6%	0.2%
Second Quarter	2.9%	4.1%	(1.2)%	2.8%	4.0%	(1.2)%	2.8%	5.0%	(2.2)%
Third Quarter	1.3%	2.6%	(1.3)%	1.8%	3.0%	(1.2)%	1.6%	3.5%	(1.9)%
Fourth Quarter	2.1%	3.3%	(1.2)%	2.3%	3.5%	(1.2)%	2.7%	4.2%	(1.5)%
Total	10.7%	14.6%	(3.9)%	12.2%	15.6%	(3.4)%	12.9%	18.3%	(5.4)%

For fiscal 2021, the Company lost 17,000 accounts (net), or 3.9%, of its home heating oil and propane customer base, compared to 15,500 accounts lost (net), or 3.4%, of its home heating oil and propane customer base, during fiscal 2020. Gross customer gains were 7,300 less than the prior year's comparable period, and gross customer losses were 5,800 accounts lower. The 1,500 account increase in net customer attrition was negatively impacted by the sale of certain propane assets in October 2020, which generated approximately 1,100 accounts (net) through September 30, 2020 as compared to approximately 100 accounts (net) in October 2020.

For fiscal 2020, the Company lost 15,500 accounts (net), or 3.4%, of its home heating oil and propane customer base, compared to 25,100 accounts lost (net), or 5.4%, of its home heating oil and propane customer base, during fiscal 2019. The Company's net customer attrition improved by 9,600 accounts. Gross customer gains were 3,900 less than the prior year's comparable period, and gross customer losses were 13,500 accounts lower.

During fiscal 2021, we estimate that we lost (1.1%) of our home heating oil and propane accounts to natural gas conversions versus (1.1%) for fiscal 2020 and (1.4%) for fiscal 2019. Losses to natural gas in our footprint for the heating oil and propane industry could be greater or less than the Company's estimates.

Acquisitions

The timing of acquisitions and the types of products sold by acquired companies impact year-over-year comparisons. During fiscal 2021 the Company acquired two propane and three heating oil dealers. During fiscal 2020 the Company acquired two heating oil dealers. The following tables detail the Company's acquisition activity and the associated volume sold during the 12-month period prior to the date of acquisition.

(in thousands of gallons)

Acquisition Number	Month of Acquisition	Fiscal 2021 Acquisitions Home Heating Oil and Propane	Motor Fuel and Other Petroleum Products	Total
1	December	5,452	—	5,452
2	December	1,318	—	1,318
3	February	305	—	305
4	March	1,163	—	1,163
5	April	4,509	166	4,675
		12,747	166	12,913

(in thousands of gallons)

Acquisition Number	Month of Acquisition	Fiscal 2020 Acquisitions Home Heating Oil and Propane	Motor Fuel and Other Petroleum Products	Total
1	October	1,085	—	1,085
2	July	2,400	—	2,400
		3,485	—	3,485

Sale of Propane Assets

In October 2020 we sold propane assets, which included a customer list of approximately 12,300 customers for $7.0 million. The following table details sales generated from the propane assets sold:

	Years Ended September 30,		
(in thousands)	2021	2020	2019
Volume:			
Propane	155	2,741	2,765
Sales:			
Petroleum Products	$ 334	$ 5,906	$ 6,377
Installations and Services	68	1,224	1,540
Total Sales	$ 402	$ 7,130	$ 7,917

Protected Price Account Renewals

A substantial majority of the Company’s price-protected customers have agreements with us that are subject to annual renewal in the period between April and November of each fiscal year. If a significant number of these customers elect not to renew their price-protected agreements with us and do not continue as our customers under a variable price-plan, the Company’s near term profitability, liquidity and cash flow will be adversely impacted. As of November 30, 2021, the wholesale cost of home heating oil as measured by the New York Mercantile Exchange was $2.06 per gallon, approximately $0.69 per gallon higher than at November 30, 2020. Based on these recent prices, our price-protected customers will be offered renewal contracts at significantly higher prices than last year which, may adversely impact the acceptance rate of these renewals.

Consolidated Results of Operations

The following is a discussion of the consolidated results of operations of the Company and its subsidiaries and should be read in conjunction with the historical financial and operating data and Notes thereto included elsewhere in this Annual Report.

Fiscal Year Ended September 30, 2021
Compared to Fiscal Year Ended September 30, 2020

Volume

For fiscal 2021, the retail volume of home heating oil and propane sold decreased by 7.7 million gallons, or 2.4%, to 305.9 million gallons, compared to 313.6 million gallons for fiscal 2020. For those locations where we had existing operations during both periods, which we sometimes refer to as the "base business" (i.e., excluding acquisitions), temperatures (measured on a heating degree day basis) for fiscal 2021 were 1.1% warmer than fiscal 2020 and 10.7% warmer than normal, as reported by NOAA. For fiscal 2021, net customer attrition for the base business was 3.7%. The impact of fuel conservation, along with any period-to-period differences in delivery scheduling, the timing of accounts added or lost during the fiscal years, equipment efficiency, and other volume variances not otherwise described, are included in the chart below under the heading "Other." An analysis of the change in the retail volume of home heating oil and propane, which is based on management's estimates, sampling, and other mathematical calculations and certain assumptions, is found below:

(in millions of gallons)	Heating Oil and Propane
Volume - Fiscal 2020	313.6
Net customer attrition	(15.1)
Impact of warmer temperatures	(3.6)
Acquisitions	8.1
Sale of certain propane assets	(2.6)
Other	5.5
Change	(7.7)
Volume - Fiscal 2021	305.9

The following chart sets forth the percentage by volume of total home heating oil sold to residential variable-price customers, residential price-protected customers, and commercial/industrial/other customers for fiscal 2021 compared to fiscal 2020:

	Twelve Months Ended	
Customers	September 30, 2021	September 30, 2020
Residential Variable	43.0%	41.5%
Residential Price-Protected (Ceiling and Fixed Price)	44.9%	46.1%
Commercial/Industrial/Other	12.1%	12.4%
Total	100.0%	100.0%

Volume of motor fuel and other petroleum products sold increased by 2.3 million gallons, or 1.5%, to 154.1 million gallons for fiscal 2021, compared to 151.8 million gallons for fiscal 2020.

Product Sales

For fiscal 2021, product sales increased 1.5%, to $1,204.3 million, compared to $1,186.0 million in fiscal 2020, largely due to an increase in wholesale product cost of $0.0530 per gallon, or 3.3%.

Installations and Services Sales

For fiscal 2021, installation and service sales increased $11.4 million, or 4.0%, to $292.8 million, compared to $281.4 million for fiscal 2020, as both installation and service sales rebounded from the negative impact of COVID-19 on economic activity in fiscal 2020.

Cost of Product

For fiscal 2021, cost of product increased $15.9 million, or 2.2%, to $754.6 million, compared to $738.7 million for fiscal 2020, primarily due to the impact of a $0.0530 per gallon, or 3.3%, increase in wholesale product cost.

Gross Profit—Product

The table below calculates our per gallon margins and reconciles product gross profit for home heating oil and propane and motor fuel and other petroleum products. We believe the change in home heating oil and propane margins should be evaluated before the effects of increases or decreases in the fair value of derivative instruments, as we believe that realized per gallon margins should not include the impact of non-cash changes in the market value of hedges before the settlement of the underlying transaction. On that basis, home heating oil and propane margins for fiscal 2021 increased by $0.0410 per gallon, or 3.1%, to $1.3366 per gallon, from $1.2956 per gallon during fiscal 2020. We cannot assume that the per gallon margins realized during fiscal 2021 are sustainable for future periods. Product sales and cost of product include home heating oil, propane, motor fuel, other petroleum products and liquidated damages billings.

	Twelve Months Ended			
	September 30, 2021		September 30, 2020	
Home Heating Oil and Propane	Amount (in millions)	Per Gallon	Amount (in millions)	Per Gallon
Volume	305.9		313.6	
Sales	$ 881.5	$ 2.8816	$ 924.4	$ 2.9479
Cost	$ 472.6	$ 1.5450	$ 518.1	$ 1.6523
Gross Profit	$ 408.9	$ 1.3366	$ 406.3	$ 1.2956
Motor Fuel and Other Petroleum Products	Amount (in millions)	Per Gallon	Amount (in millions)	Per Gallon
Volume	154.1		151.8	
Sales	$ 322.8	$ 2.0951	$ 261.6	$ 1.7238
Cost	$ 282.0	$ 1.8304	$ 220.6	$ 1.4534
Gross Profit	$ 40.8	$ 0.2647	$ 41.0	$ 0.2704
Total Product	Amount (in millions)		Amount (in millions)	
Sales	$ 1,204.3		$ 1,186.0	
Cost	$ 754.6		$ 738.7	
Gross Profit	$ 449.7		$ 447.3	

For fiscal 2021, total product gross profit was $449.7 million, which was $2.4 million, or 0.5%, more than fiscal 2020, primarily due to an increase in home heating oil and propane margins ($12.4 million) that was partially offset by a $10.0 million decrease due to lower home heating oil and propane volume sold.

Cost of Installations and Services

Total installation costs for fiscal 2021 increased to $90.1 million, compared to $83.8 million for fiscal 2020, primarily due to increased installation revenues. Installation costs as a percentage of installation sales for fiscal 2021 and fiscal 2020, were 81.5% and 82.4%, respectively.

Service expense increased by $4.8 million, or 2.9%, to $174.7 million for fiscal 2021, representing 95.9% of service sales, versus $169.9 million, or 94.5% of service sales, for fiscal 2020. Service expense rose as the Company resumed normal service work and activity that was curtailed during fiscal 2020 due to COVID-19.

We realized a combined gross profit from services and installations of $28.0 million for fiscal 2021 compared to a combined gross profit of $27.7 million for fiscal 2020, a $0.3 million improvement in profitability.

Management views the service and installation department on a combined basis because many overhead functions cannot be separated or precisely allocated to either service or installation billings.

(Increase) Decrease in the Fair Value of Derivative Instruments

During fiscal 2021, the change in the fair value of derivative instruments resulted in a $36.1 million credit due to an increase in the market value for unexpired hedges (a $23.6 million credit) and a $12.5 million credit due to the expiration of certain hedged positions.

During fiscal 2020, the change in the fair value of derivative instruments resulted in a $2.8 million charge due to a decrease in the market value for unexpired hedges (a $12.2 million charge) and partially offset by a $9.4 million credit due to the expiration of certain hedged positions.

Delivery and Branch Expenses

For fiscal 2021, delivery and branch expenses increased $4.5 million, or 1.4%, to $327.9 million, compared to $323.4 million for fiscal 2020, as a $6.7 million lower benefit recorded from the Company's weather hedge and $3.5 million of additional costs from acquisitions was offset by a decline in operating costs in the base business of $5.8 million, or 1.7%. In the base business, the decrease was driven by $3.5 million of lower bad debt and credit card processing fees and other net expense savings of $2.3 million. While temperatures were warmer for fiscal 2021 than the prior year's comparable period, temperatures during the weather hedge period for fiscal 2021 were colder than fiscal 2020, resulting in a lower weather hedge benefit.

Depreciation and Amortization Expenses

For fiscal 2021, depreciation and amortization expense decreased $1.1 million, or 3.3%, to $33.5 million, compared to $34.6 million for fiscal 2020, primarily due to lower amortization expense related to intangible assets that fully amortized in the prior fiscal year.

General and Administrative Expenses

For fiscal 2021, general and administrative expenses were $25.1 million, essentially unchanged from fiscal 2020, as a $0.6 million decrease in pension expense was offset by a $0.3 million increase in acquisition related expenses and a $0.3 million increase in salaries and benefit expenses.

Finance Charge Income

For fiscal 2021, finance charge income decreased by $0.9 million, or 23.1%, to $2.9 million compared to $3.8 million for fiscal 2020, primarily due to lower customer late payment charges resulting from lower past due receivable balances.

Interest Expense, Net

For fiscal 2021, net interest expense decreased by $1.9 million, or 19.4%, to $7.8 million compared to $9.7 million for fiscal 2020. The year-over-year change reflects a decrease in average borrowings of $23.7 million from $162.7 million for fiscal 2020 to $139.0 million for fiscal 2021, and a decrease in the weighted average interest rate from 4.9% for fiscal 2020 to 4.0% for fiscal 2021. To hedge against rising interest rates, the Company utilizes interest rate swaps. At September 30, 2021, $59.0 million, or 53%, of Star's long-term debt was fixed.

Amortization of Debt Issuance Costs

For fiscal 2021, amortization of debt issuance costs was $1.0 million, essentially unchanged from fiscal 2020.

Other Loss, Net

In the fourth quarter of fiscal year 2020, we reclassified certain propane assets to assets held for sale on our consolidated balance sheet that were sold in October 2020. As a result, we recorded an impairment charge of $5.7 million, which represents the difference between the fair value less cost to sell and the carrying value of the assets. See Note 2 to our Consolidated Financial Statements of this Form 10-K for additional details. No similar activity occurred in fiscal 2021.

Income Tax Expense

For fiscal 2021, the Company's income tax expense increased by $13.1 million to $33.7 million, from $20.6 million for fiscal 2020, due primarily to an increase in income before income taxes of $44.9 million that was driven by a $38.9 million non-cash favorable change in the fair market value of derivative instruments.

Net Income

For fiscal 2021, net income increased $31.8 million, or 56.9%, to $87.7 million, due to a favorable change in the fair value of derivative instruments of $38.9 million, the non-recurrence of the $5.7 million impairment charge recorded in fiscal 2020, lower interest expense of $1.9 million and lower depreciation and amortization expense of $1.1 million that was partially offset by an increase in income tax expense of $13.1 million and a $2.8 million decrease in Adjusted EBITDA, described below

Adjusted EBITDA

For fiscal 2021, Adjusted EBITDA decreased by $2.8 million, or 2.1%, to $127.5 million compared to fiscal 2020. An increase in home heating oil and propane margins ($0.0410 per gallon), lower total operating expenses in the base business ($5.8 million) and the Adjusted EBITDA from acquisitions ($2.8 million) were more than offset by a $6.7 million decline in the benefit recorded from the Company's weather hedge and a decline in home heating oil and propane volume (7.7 million gallons). While temperatures were warmer for fiscal 2021 than the prior year's comparable period, temperatures during the weather hedge period for fiscal 2021 were colder than fiscal 2020, hence the lower weather hedge benefit.

EBITDA and Adjusted EBITDA should not be considered as an alternative to net income (as an indicator of operating performance) or as an alternative to cash flow (as a measure of liquidity or ability to service debt obligations), but provide additional information for evaluating the Company's ability to make the Minimum Quarterly Distribution.

EBITDA and Adjusted EBITDA are calculated as follows:

(in thousands)	Twelve Months Ended September 30, 2021	2020
Net income	$ 87,737	$ 55,918
Plus:		
Income tax expense	33,675	20,625
Amortization of debt issuance cost	972	999
Interest expense, net	7,816	9,702
Depreciation and amortization	33,485	34,623
EBITDA (a)	163,685	121,867
(Increase) / decrease in the fair value of derivative instruments	(36,138)	2,755
Other loss, net	—	5,724
Adjusted EBITDA (a)	127,547	130,346
Add / (subtract)		
Income tax expense	(33,675)	(20,625)
Interest expense, net	(7,816)	(9,702)
(Recovery) provision for losses on accounts receivable	(248)	3,441
(Increase) decrease in receivables	(15,171)	34,366
(Increase) decrease in inventories	(11,472)	14,588
Increase in customer credit balances	3,054	14,775
Change in deferred taxes	11,361	(3,544)
Change in other operating assets and liabilities	(4,703)	12,023
Net cash provided by operating activities	$ 68,877	$ 175,668
Net cash used in investing activities	$ (50,326)	$ (28,141)
Net cash used in financing activities	$ (70,695)	$ (95,515)

(a) EBITDA (Earnings from continuing operations before net interest expense, income taxes, depreciation and amortization) and Adjusted EBITDA (Earnings from continuing operations before net interest expense, income taxes, depreciation and amortization, (increase) decrease in the fair value of derivatives, other income (loss), net, multiemployer pension plan withdrawal charge, gain or loss on debt redemption, goodwill impairment, and other non-cash and non-operating charges) are non-GAAP financial measures that are used as supplemental financial measures by management and external users of our financial statements, such as investors, commercial banks and research analysts, to assess:

- our compliance with certain financial covenants included in our debt agreements;
- our financial performance without regard to financing methods, capital structure, income taxes or historical cost basis;
- our operating performance and return on invested capital compared to those of other companies in the retail distribution of refined petroleum products, without regard to financing methods and capital structure;
- our ability to generate cash sufficient to pay interest on our indebtedness and to make distributions to our partners; and
- the viability of acquisitions and capital expenditure projects and the overall rates of return of alternative investment opportunities.

The method of calculating Adjusted EBITDA may not be consistent with that of other companies, and EBITDA and Adjusted EBITDA both have limitations as analytical tools and so should not be viewed in isolation and should be viewed in conjunction with measurements that are computed in accordance with GAAP. Some of the limitations of EBITDA and Adjusted EBITDA are:

- EBITDA and Adjusted EBITDA do not reflect our cash used for capital expenditures;

- Although depreciation and amortization are non-cash charges, the assets being depreciated or amortized often will have to be replaced and EBITDA and Adjusted EBITDA do not reflect the cash requirements for such replacements;
- EBITDA and Adjusted EBITDA do not reflect changes in, or cash requirements for, our working capital requirements;
- EBITDA and Adjusted EBITDA do not reflect the cash necessary to make payments of interest or principal on our indebtedness; and
- EBITDA and Adjusted EBITDA do not reflect the cash required to pay taxes.

Fiscal Year Ended September 30, 2020
Compared to Fiscal Year Ended September 30, 2019

See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations within the Form 10-K for the fiscal year ended September 30, 2020 for the fiscal 2020 to fiscal 2019 comparative discussion.

DISCUSSION OF CASH FLOWS

We use the indirect method to prepare our Consolidated Statements of Cash Flows. Under this method, we reconcile net income to cash flows provided by operating activities by adjusting net income for those items that impact net income but do not result in actual cash receipts or payment during the period.

Operating Activities

Due to the seasonal nature of our business, cash is generally used in operations during the winter (our first and second fiscal quarters) as we require additional working capital to support the high volume of sales during this period, and cash is generally provided by operating activities during the spring and summer (our third and fourth quarters) when customer payments exceed the cost of deliveries.

During fiscal 2021, cash provided by operating activities decreased $106.8 million to $68.9 million, compared to $175.7 million of cash provided by operating activities during fiscal 2020. The decrease was driven by a $61.3 million unfavorable change in accounts receivable (including customer credit balances) due primarily to higher sales in the fourth quarter of fiscal 2021 as compared to the fourth quarter of fiscal 2020, a $26.1 million unfavorable change in inventory due primarily to the higher cost of liquid product on hand as of September 30, 2021 as compared to September 30, 2020, a $11.5 million unfavorable change in payroll accruals due to timing, a $9.1 million unfavorable change in cash posted as collateral at derivative counterparties due to higher NYMEX ultra low sulfur diesel contract pricing as of September 30, 2021 as compared to September 30, 2020, $7.8 million of net payroll taxes deferred from fiscal 2020 to fiscal 2021 as a result of certain tax and legislative actions, and a $2.7 million reduction in cash from operations that was partially offset by a $10.1 million favorable change in accounts payable due to the pricing and timing of inventory purchases, and $1.6 million of other changes in working capital.

During fiscal 2020, cash provided by operating activities increased $78.3 million to $175.7 million, compared to $97.4 million during fiscal 2019. This reflects a $35.4 million favorable change in accounts receivables (net of customer credit balances) due to improved collections and lower sales volume at lower selling prices, a $20.9 million favorable change in inventory primarily due to lower cost of liquid product on hand as of September 30, 2020 as compared to September 30, 2019, a $18.8 million increase in cash generated from operations, $6.5 million of certain payroll tax withholdings related to fiscal 2020 that are deferred to calendar 2021 and 2022 as a result of certain tax and legislative actions, and $3.3 million of other net changes in working capital.

Investing Activities

Our capital expenditures for fiscal 2021 totaled $15.1 million, as we invested in computer hardware and software ($3.2 million), refurbished certain physical plants ($2.8 million), expanded our propane operations ($2.3 million) and made additions to our fleet and other equipment ($6.8 million).

During fiscal 2021, we reinvested $1.1 million into an irrevocable trust to secure certain liabilities for our captive insurance company. The cash deposited into the trust is shown on our balance sheet as captive insurance collateral and, correspondingly, reduced cash on our balance sheet. We believe that investments into the irrevocable trust will lower our letter of credit fees, increase interest income on invested cash balances, and provide us with certain tax advantages attributable to a captive insurance company.

During fiscal 2021, the Company acquired two propane and three heating oil dealers for an aggregate purchase price of $42.5 million; $40.7 million in cash and $1.8 million of deferred liabilities. The gross purchase price was allocated $37.3 million to goodwill and intangible assets and $6.2 million to fixed assets, and reduced by $1.0 million in working capital credits.

On October 27, 2020, the Company sold certain propane assets for cash proceeds of $6.1 million.

Our capital expenditures for fiscal 2020 totaled $14.1 million, as we invested in computer hardware and software ($3.5 million), refurbished certain physical plants ($2.8 million), expanded our propane operations ($1.4 million) and made additions to our fleet and other equipment ($6.4 million).

During fiscal 2020, we deposited $8.9 million into an irrevocable trust to secure certain liabilities for our captive insurance company and another $1.5 million of earnings were reinvested into the irrevocable trust.

During fiscal 2020, the Company acquired two oil dealers for an aggregate purchase price of approximately $3.0 million in cash and $0.3 million of deferred liabilities. The gross purchase price was allocated $3.2 million to goodwill and intangible assets and $0.6 million to fixed assets, and reduced by $0.5 million in working capital credits. The Company also completed the purchase of assets related to our fiscal 2019 acquisition of a heating oil dealer for an aggregate purchase price of approximately $1.2 million.

Financing Activities

During fiscal 2021, we repaid $13.0 million of our term loan, borrowed $75.2 million and subsequently repaid $66.5 million under our revolving credit facility, repurchased 4.3 million Common Units for $42.8 million primarily in connection with our unit repurchase plan, and paid distributions of $22.4 million to our Common Unit holders and $1.0 million to our General Partner unit holders (including $0.9 million of incentive distributions as provided in our Partnership Agreement).

During fiscal 2020, we refinanced our five-year term loan and the revolving credit facility with the execution of the fifth amended and restated revolving credit facility agreement. The $130 million of proceeds from the new term loan were used to repay the $90.0 million outstanding balance of the term loan, $39.0 million of the revolving credit facility borrowings under the old credit facility, and $1.0 million of debt issuance costs. We also paid an additional $0.6 million of debt issuance costs, repaid an additional net balance of $22.5 million under our revolving credit facility, repaid an additional $9.0 million of our term loan, repurchased 4.4 million Common Units for $38.4 million in connection with our unit repurchase plan, and paid distributions of $23.5 million to our Common Unit holders and $0.9 million to our General Partner unit holders (including $0.8 million of incentive distributions as provided in our Partnership Agreement).

FINANCING AND SOURCES OF LIQUIDITY

Liquidity and Capital Resources Comparatives

Our primary uses of liquidity are to provide funds for our working capital, capital expenditures, distributions on our units, acquisitions and unit repurchases. Our ability to provide funds for such uses depends on our future performance, which will be subject to prevailing economic, financial, and business conditions, especially in light of the impact of COVID-19, weather, the ability to collect current and future accounts receivable, the ability to pass on the full impact of high product costs to customers, the effects of high net customer attrition, conservation and other factors. Capital requirements, at least in the near term, are expected to be provided by cash flows from operating activities, cash on hand as of September 30, 2021 ($4.8 million) or a combination thereof. To the extent future capital requirements exceed cash on hand plus cash flows from operating activities, we anticipate that working capital will be financed by our revolving credit facility, as discussed below, and from subsequent seasonal reductions in inventory and accounts receivable. As of September 30, 2021, we had accounts receivable of $99.7 million of which $60.9 million is due from residential customers and $38.8 million is due from commercial customers. Our ability to borrow from our bank group is based in part on the aging of these accounts receivable. If these balances do not meet the eligibility tests as found in our fifth amended and restated credit agreement, our ability to borrow will be reduced and our anticipated cash flow from operating activities will also be reduced. As of September 30, 2021, we had $8.6 million borrowings under our revolving credit facility, $110.5 million outstanding under our term loan, $3.1 million in letters of credit outstanding, and no hedge positions were secured with the bank group.

Under the terms of the fifth amended and restated credit agreement, we must maintain at all times Availability (borrowing base less amounts borrowed and letters of credit issued) of 15% of the maximum facility size and a fixed charge coverage ratio of not less than 1.15. We must also maintain a senior secured leverage ratio that cannot be more than 3.0 as of June 30th or September 30th, and no more than 4.5 as of December 31st or March 31st. As of September 30, 2021, Availability, as defined in the fifth amended and restated revolving credit facility agreement, was $171.5 million and we were in compliance with the fixed charge coverage ratio and senior secured leverage ratio.

Maintenance capital expenditures for fiscal 2022 are estimated to be approximately $15.8 million, excluding the capital requirements for leased fleet which we currently estimate to be $10.9 million. In addition, we plan to invest approximately $4.0 million in our propane operations. Distributions for fiscal 2022, at the current quarterly level of $0.1425 per unit, would result in aggregate payments of approximately $22.0 million to Common Unit holders, $1.1 million to our General Partner (including $1.0 million of incentive distribution as provided for in our Partnership Agreement) and $1.0 million to management pursuant to the management incentive compensation plan which provides for certain members of management to receive incentive distributions that would otherwise be payable to the General Partner. Under the terms of our credit facility, our term loan is repayable in quarterly payments of $3.25 million. We are also required to make an additional term loan repayments due to Excess Cash Flow of $4.6 million in December 2021 (see Note 13 - Long-Term Debt and Bank Facility Borrowings). Further, subject to any additional liquidity issues or concerns resulting from the current COVID-19 pandemic, we intend to continue to repurchase Common Units pursuant to our unit repurchase plan, as amended from time to time, and seek attractive acquisition opportunities within the Availability constraints of our revolving credit facility and funding resources.

Contractual Obligations and Off-Balance Sheet Arrangements

We have no special purpose entities or off balance sheet debt.

Long-term contractual obligations, except for our long-term debt and New England Teamsters and Trucking Industry Pension Fund withdrawal obligations and operating leases liabilities, are not recorded in our consolidated balance sheet. Non-cancelable purchase obligations are obligations we incur during the normal course of business, based on projected needs. The Company had no capital lease obligations as of September 30, 2021.

The table below summarizes the payment schedule of our contractual obligations at September 30, 2021 (in thousands):

	Payments Due by Fiscal Year				
	Total	**2022**	**2023 and 2024**	**2025 and 2026**	**Thereafter**
Debt obligations (a)	$ 119,118	$ 26,239	$ 26,000	$ 66,879	$ —
Operating lease obligations (b)	119,575	21,920	37,693	28,741	31,221
Purchase obligations and other (c)	62,742	12,486	10,826	6,808	32,622
Interest obligations (d)	18,402	8,811	8,969	622	—
Long-term liabilities reflected on the balance sheet	496	350	146	—	—
	$ 320,333	$ 69,806	$ 83,634	$ 103,050	$ 63,843

(a) Reflects payments due of debt existing as of September 30, 2021, considering the terms of our fifth amended and restated credit agreement. (See Note 13 - Long-Term Debt and Bank Facility Borrowings)

(b) Represents various operating leases for office space, trucks, vans and other equipment with third parties. Maturities of operating leases are presented undiscounted. (See Note 16 - Leases)

(c) Represents non-cancelable commitments as of September 30, 2021 for operations such as customer related invoice and statement processing, voice and data phone/computer services, real estate taxes on leased property and our undiscounted future payment obligations to the New England Teamsters and Trucking Industry Pension Fund.

(d) Reflects interest obligations on our term loan due December 2024 and the unused commitment fee on the revolving credit facility.

Recent Accounting Pronouncements

Refer to Note 2 – Summary of Significant Accounting Policies for discussion regarding the impact of accounting standards that were recently issued but not yet effective, on our consolidated financial statements.

Critical Accounting Policy and Critical Accounting Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to establish accounting policies and make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the Consolidated Financial Statements. The Company evaluates its policies and estimates on an on-going basis. A change in any of these critical accounting policies and estimates could have a material effect on the results of operations. The Company's Consolidated Financial Statements may differ based upon different estimates and assumptions. The Company's critical accounting policies and estimates have been reviewed with the Audit Committee of the Board of Directors.

Our significant accounting policies are discussed in Note 2 of the Notes to the Consolidated Financial Statements. We believe the following are our critical accounting policies and estimates:

Critical Accounting Policy

Fair Values of Derivatives

FASB ASC 815-10-05, Derivatives and Hedging, requires that derivative instruments be recorded at fair value and included in the consolidated balance sheet as assets or liabilities. The Company has elected not to designate its commodity derivative instruments as hedging instruments under this guidance, and therefore the change in fair value of those derivative instruments are recognized in our statement of operations.

We have established the fair value of our derivative instruments using estimates determined by our counterparties and subsequently evaluated them internally using established index prices and other sources. These values are based upon, among other things, future prices, volatility, time-to-maturity value and credit risk. The estimate of fair value we report in our financial statements changes as these estimates are revised to reflect actual results, changes in market conditions, or other factors, many of which are beyond our control.

Critical Accounting Estimates

Our significant accounting policies are discussed in Note 2 of the Notes to the Consolidated Financial Statements. We believe the following are our critical accounting policies and estimates:

Self-Insurance Liabilities

We currently self-insure a portion of workers' compensation, auto, general liability and medical claims. We establish and periodically evaluate self-insurance liabilities based upon expectations as to what our ultimate liability may be for outstanding claims using developmental factors based upon historical claim experience, including frequency, severity, demographic factors and other actuarial assumptions, supplemented with the support of a qualified third-party actuary. As of September 30, 2021, we had approximately $80.6 million of self-insurance liabilities. The ultimate resolution of these claims could differ materially from the assumptions used to calculate the self-insurance liabilities, which could have a material adverse effect on results of operations.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to interest rate risk primarily through our bank credit facilities. We utilize these borrowings to meet our working capital needs.

At September 30, 2021, we had outstanding borrowings totaling $119.1 million, which are subject to variable interest rates under our credit agreement. In the event that interest rates associated with this facility were to increase 100 basis points, the after tax impact on annual future cash flows would be a decrease of $0.9 million.

We regularly use derivative financial instruments to manage our exposure to market risk related to changes in the current and future market price of home heating oil. The value of market sensitive derivative instruments is subject to change as a result of movements in market prices. Sensitivity analysis is a technique used to evaluate the impact of hypothetical market value changes. Based on a hypothetical ten percent increase in the cost of product at September 30, 2021, the potential impact on our hedging activity would be to increase the fair market value of these outstanding derivatives by $15.8 million to a fair market value of $43.6 million; and conversely a hypothetical ten percent decrease in the cost of product would decrease the fair market value of these outstanding derivatives by $13.8 million to a fair market value of $14.0 million.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements and financial statement schedules referred to in the index contained on page F-1 of this Report are incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

(a) Evaluation of disclosure controls and procedures.

Our general partner’s chief executive officer and our chief financial officer evaluated the effectiveness of the Company’s disclosure controls and procedures (as that term is defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended) as of September 30, 2021. Based on that evaluation, such chief executive officer and chief financial officer concluded that the Company’s disclosure controls and procedures were effective as of September 30, 2021 at the reasonable level of assurance. For purposes of Rule 13a-15(e), the term disclosure controls and procedures means controls and other procedures of an issuer that are designed to ensure that information required to be disclosed by the issuer in the reports that it files or submits under the Act (15 U.S.C. 78a et seq.) is recorded, processed, summarized and reported, within the time periods specified in the Commission’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Act is accumulated and communicated to the issuer’s management, including our chief executive officer and chief financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

(b) Management’s Report on Internal Control over Financial Reporting.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) under the Securities Exchange Act of 1934, as amended. Under the supervision of management and with the participation of our management, including our chief executive officer and chief financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on our evaluation of internal control over financial reporting, our management concluded that our internal control over financial reporting was effective as of September 30, 2021.

The effectiveness of our internal control over financial reporting as of September 30, 2021 has been audited by our independent registered public accounting firm, as stated in their report which is included at Item 8 – Financial Statements and Supplementary Data.

(c) Change in Internal Control over Financial Reporting.

There were no changes in our internal control over financial reporting during the Company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

(d) Other

Our general partner and the Company believe that a controls system, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the controls system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. Therefore, a control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Our disclosure controls and procedures are designed to provide such reasonable assurances of achieving our desired control objectives, and the chief executive officer and chief financial officer of our general partner have concluded, as of September 30, 2021, that our disclosure controls and procedures were effective in achieving that level of reasonable assurance.

ITEM 9B. OTHER INFORMATION

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Partnership Management

Our general partner is Kestrel Heat. The Board of Directors of Kestrel Heat is appointed by its sole member, Kestrel, which is a private equity investment partnership formed by Yorktown Energy Partners VI, L.P., Paul A. Vermylen Jr. and other investors.

Kestrel Heat, as our general partner, oversees our activities. Unitholders do not directly or indirectly participate in our management or operation or elect the directors of the general partner. The Board of Directors (sometimes referred to as the “Board”) of Kestrel Heat has adopted a set of Partnership Governance Guidelines in accordance with the requirements of the New York Stock Exchange. A copy of these Guidelines is available on our website at www.stargrouplp.com or a copy may be obtained without charge by contacting Richard F. Ambury, (203) 328-7310.

As of November 30, 2021, Kestrel Heat owned 325,729 general partner units. In November 2021, Kestrel Heat made an in-kind distribution of 500,000 common units, representing approximately 1% of the issued and outstanding common units, to Kestrel, which, in turn, made an in-kind distribution of such units, pro rata, to its members.

The general partner owes a fiduciary duty to the unitholders. However, our Partnership Agreement contains provisions that allow the general partner to take into account the interests of parties other than the limited partners in resolving conflict of interest, thereby limiting such fiduciary duty. Notwithstanding any limitation on obligations or duties, the general partner will be liable, as our general partner, for all our debts (to the extent not paid by us), except to the extent that indebtedness or other obligations incurred by us are made specifically non-recourse to the general partner.

The general partner does not directly employ any of the persons responsible for managing or operating Star.

Directors and Executive Officers of the General Partner

Directors are appointed for an indefinite term, subject to the discretion of Kestrel. The following table shows certain information for directors and executive officers of the general partner as of November 30, 2021:

Name	Age	Position
Paul A. Vermylen, Jr.	74	Chairman, Director
Jeffrey M. Woosnam	53	President, Chief Executive Officer and Director
Richard F. Ambury	64	Chief Financial Officer, Executive Vice President, Treasurer and Secretary
Jeffrey S. Hammond	59	Chief Operating Officer
Joseph R. McDonald	52	Chief Customer Officer
Henry D. Babcock(1)	81	Director
C. Scott Baxter(1)	60	Director
David M. Bauer(1)	52	Director
Daniel P. Donovan	75	Director
Bryan H. Lawrence	79	Director
William P. Nicoletti (1)	76	Director

(1) Audit Committee member

Paul A. Vermylen, Jr. Mr. Vermylen has been the Chairman and a director of Kestrel Heat since April 28, 2006. Mr. Vermylen is a founder of Kestrel and has served as its President and as a manager since July 2005. Mr. Vermylen had been employed since 1971, serving in various capacities, including as a Vice President of Citibank N.A. and Vice President-Finance of Commonwealth Oil Refining Co. Inc. Mr. Vermylen served as Chief Financial Officer of Meenan Oil Co., L.P. ("Meenan") from 1982 until 1992 and as President of Meenan until 2001, when we acquired Meenan. Since 2001, Mr. Vermylen has pursued private investment opportunities.

Mr. Vermylen serves as a director of certain non-public companies in the energy industry in which Kestrel holds equity interests including Downeast LNG, Inc. Mr. Vermylen is a graduate of Georgetown University and has an M.B.A. from Columbia University.

Mr. Vermylen's substantial experience in the home heating oil industry and his leadership skills and experience as an executive officer of Meenan, among other factors, led the Board to conclude that he should serve as the Chairman and a director of Kestrel Heat.

Jeffrey M. Woosnam. Mr. Woosnam has been President, Chief Executive Officer and a director of Kestrel Heat since March 18, 2019. From May 2014 to March 2019, Mr. Woosnam served as Senior Vice President, Southern Operations. From April 2007 to May 2014, Mr. Woosnam served as Vice President, Southern Operations. From 2006 to 2007, he served as the Director of Operations for Petroleum Heat and Power Company, a subsidiary of the Company. From 1994 to 2006, he held several General Management positions for Petro, Inc. with increasing levels of responsibility.

Mr. Woosnam's in-depth knowledge of the Company's business and his substantial experience in the home heating oil industry, among other factors, led the Board to conclude that he should serve as a director of Kestrel Heat.

Richard F. Ambury. Mr. Ambury has been Executive Vice President of Kestrel Heat since May 1, 2010 and has been Chief Financial Officer, Treasurer and Secretary of Kestrel Heat since April 28, 2006. Mr. Ambury was Chief Financial Officer, Treasurer and Secretary of Star Group from May 2005 until April 28, 2006. From November 2001 to May 2005, Mr. Ambury was Vice President and Treasurer of Star Group. From March 1999 to November 2001, Mr. Ambury was Vice President of Star Gas Propane, L.P. From February 1996 to March 1999, Mr. Ambury served as Vice President—Finance of Star Gas Corporation, a predecessor general partner. Mr. Ambury was employed by Petroleum Heat and Power Co., Inc. from June 1983 through February 1996, where he served in various accounting/finance capacities. From 1979 to 1983, Mr. Ambury was employed by a predecessor firm of KPMG, a public accounting firm. Mr. Ambury has been a Certified Public Accountant since 1981.

Jeffrey S. Hammond. Mr. Hammond has been Chief Operating Officer of Kestrel Heat since March 18, 2019. From October 2013 to March 2019, he served as Senior Vice President, Northern Operations. From April 2007 to October 2013, Mr. Hammond served as Vice President, Northern Operations. From 2006 to 2007, he served as the Director of Operations for Petro Holdings, Inc., a subsidiary of the Company. From 2004 to 2006, Mr. Hammond served as Director of Planning and Logistics for Petro Holdings, Inc. From 2003 to 2004, he held a General Manager position for Petro Holdings, Inc. Prior to joining the Company in January 2003, Mr. Hammond worked for United Parcel Service for 19 years. While at UPS, he held various management positions in Operations and Industrial Engineering.

Joseph R. McDonald. Mr. McDonald has been Chief Customer Officer of Kestrel Heat since March 18, 2019. From May 2014 to March 2019, he served as Senior Vice President of Sales, Marketing & Retention. From May 2005 to May 2014, Mr. McDonald served as Vice President, Sales and Marketing. From October 2004 to May 2005, he served as the Director of Sales for Petro Holdings, Inc., a subsidiary of the Company. From January 2003 to October 2004, was a Regional Sales Manager for Petro Holdings, Inc.

Henry D. Babcock. Mr. Babcock has been a director of Kestrel Heat since April 28, 2006. He retired at the end of 2019 as director and the former President of The Caumsett Foundation, Inc., a non-profit that supports Caumsett Historic State Park Preserve. Until his retirement in 2010, Mr. Babcock had worked with Train, Babcock Advisors LLC, a private registered investment advisor, since 1976, becoming a Member in 1980. Prior to this, he ran an affiliated venture capital company active in the U.S. and abroad. Mr. Babcock received a BA from Yale University and an MBA from Columbia. He served in the U.S. Army for three years.

Mr. Babcock's significant experience in capital markets, corporate finance and venture capital, among other factors, led the Board to conclude that he should serve as a director of Kestrel Heat.

C. Scott Baxter. Mr. Baxter has been a director of Kestrel Heat since April 28, 2006. Mr. Baxter is currently a Managing Director at Berkeley Research Group ("BRG"), a global investment banking advisory and consulting firm. Mr. Baxter has over 30 years of energy investment banking experience and has been a primary advisor in sourcing and executing over $200 billion in corporate M&A, restructuring and equity financing transactions in the energy industry. Mr. Baxter also has significant experience advising independent committees of boards including rendering over 40 independent fairness opinions spanning the upstream, downstream and midstream energy sectors including for many MLPs.

Mr. Baxter's previous energy investment banking experience includes opening and running the Houston office for Petrie Partners, serving as Head of the Americas for J.P. Morgan's global energy group, Managing Director in the global energy group at Citigroup (Salomon Brothers), and serving as head of the energy group for Houlihan Lokey.

Mr. Baxter holds a B.S. degree in Economics from Weber State University where he graduated cum laude, and received an MBA degree from the University of Chicago Graduate School of Business. Mr. Baxter also served as an adjunct professor of finance at Columbia University's Graduate School of Business from 2002 to 2006 and has been on the President's National Advisory Council for Weber State University since 1996.

Mr. Baxter's significant experience in finance, accounting, as an investor and as a senior investment banker focused in the energy industry, among other factors, led the Board to conclude that he should serve as a director of Kestrel Heat.

David M. Bauer. Mr. Bauer has served as the Chief Investment Officer of Lubar & Co. since 2005. Mr. Bauer's work experience includes five years with Facilitator Capital Fund, a Wisconsin-based Small Business Investment Company, and 10 years with the accounting firm of Arthur Andersen, where he led the Wisconsin transaction advisory team assisting private equity funds and large corporations with their acquisitions and divestitures. He currently serves on the board of several private companies.

Mr. Bauer earned a Master of Business Administration degree from Marquette University in 2005 and a Bachelor of Science degree in Accounting from Marquette University in 1991. He is a Certified Public Accountant and a member of the Wisconsin Institute of CPAs and the American Institute of CPAs.

Daniel P. Donovan. Mr. Donovan has been a director of Kestrel Heat since April 28, 2006. Mr Donovan served as President and Chief Executive Officer on an interim basis from December 23, 2018 to March 18, 2019, served as consultant from March 18, 2019 to April 30, 2019, and served as Chief Executive Officer of Kestrel Heat from May 31, 2007 to September 30, 2013 and had been President from April 28, 2006 to September 30, 2013. From April 28, 2006 to May 30, 2007 Mr. Donovan was also the Chief Operating Officer of Kestrel Heat. Mr. Donovan was the President and Chief Operating Officer of a predecessor general partner, Star Gas LLC ("Star Gas"), from March 2005 until April 28, 2006. From May 2004 to March 2005 he was President and Chief Operating Officer of the Company's heating oil segment. Mr. Donovan held various management positions with Meenan Oil Co. LP, from January 1980 to May 2004, including Vice President and General Manager from 1998 to 2004. Mr. Donovan worked for Mobil Oil Corp. from 1971 to 1980. His last position with Mobil was President and General Manager of its heating oil subsidiary in New York City and Long Island. Mr. Donovan is a graduate of St. Francis College in Brooklyn, New York and received an M.B.A. from Iona College.

Mr. Donovan's in-depth knowledge of the Company's business, having been its president and chief executive officer, and his substantial experience in the home heating oil industry, among other factors, led the Board to conclude that he should serve as a director of Kestrel Heat.

Bryan H. Lawrence. Mr. Lawrence has been a director of Kestrel Heat since April 28, 2006 and a manager of Kestrel since July 2005. Mr. Lawrence is a founder and senior manager of Yorktown Partners LLC, the manager of the Yorktown group of investment partnerships, which make investments in companies engaged in the energy industry. The Yorktown partnerships were formerly affiliated with the investment firm of Dillon, Read & Co. Inc., where Mr. Lawrence was employed beginning in 1966, serving as a Managing Director until the merger of Dillon Read with SBC Warburg in September 1997. Mr. Lawrence also serves as a director of Hallador Petroleum Company, Ramaco Resources, Inc., Riley Exploration Permian, Inc. (each a United States publicly traded company), and certain non-public companies in the energy industry in which Yorktown partnerships hold equity interests. Mr. Lawrence is a graduate of Hamilton College and received an M.B.A. from Columbia University.

Mr. Lawrence's significant financial and investment experience, and experience as a founder of Yorktown Energy Partners LLC, among other factors, led the Board to conclude that he should serve as a director of Kestrel Heat.

William P. Nicoletti. Mr. Nicoletti has been a director of Kestrel Heat since April 28, 2006. Mr. Nicoletti was the non-executive chairman of the board of Star Gas from March 2005 until April 28, 2006. Mr. Nicoletti was a director of Star Gas from March 1999 until April 28, 2006 and was a director of Star Gas Corporation from November 1995 until March 1999. Since February 1, 2009, he has been a Managing Director of Parkman Whaling LLC, a Houston, Texas based energy investment banking firm. Previously, he was Managing Director of Nicoletti & Company, Inc., a private investment banking firm. Mr. Nicoletti was formerly a senior officer and head of Energy Investment Banking for E. F. Hutton & Company, Inc., PaineWebber Incorporated and McDonald Investments, Inc. Mr. Nicoletti is a graduate of Seton Hall University and received an M.B.A. from Columbia University.

Mr. Nicoletti's current and prior leadership experience in the energy investment banking industry and his significant experience in finance, accounting and corporate governance matters, among other factors, led the Board to conclude that he should serve as a director of Kestrel Heat.

Director Independence

Section 303A of the New York Stock Exchange listed company manual provides that limited partnerships are not required to have a majority of independent directors. It is the policy of the Board of Directors that the Board shall at all times have at least three independent directors or such higher number as may be necessary to comply with the applicable federal securities law requirements. For the purposes of this policy, "independent director" has the meaning set forth in Section 10A(m) of the Securities Exchange Act of 1934, as amended, any applicable stock exchange rules and the rules and regulations promulgated in the Partnership governance guidelines available on its website www.stargrouplp.com. The Board of Directors has determined that Messrs. Nicoletti, Babcock, Bauer and Baxter are independent directors.

Meetings of Directors

During fiscal 2021, the Board of Directors of Kestrel Heat met seven times. All directors attended each meeting.

Committees of the Board of Directors

Kestrel Heat's Board of Directors has one standing committee, the Audit Committee. Its members are appointed by the Board of Directors for a one-year term and until their respective successors are elected. The NYSE corporate governance standards do not require limited partnerships to have a Nominating or Compensation Committee.

Audit Committee

William P. Nicoletti, Henry D. Babcock, David M. Bauer and C. Scott Baxter have been appointed to serve on the Audit Committee, which has adopted an Audit Committee Charter. Mr. Nicoletti serves as chairman of the Audit Committee. A copy of this charter is available on the Company's website at www.stargrouplp.com or a copy may be obtained without charge by contacting Richard F. Ambury at (203) 328-7310. The Audit Committee reviews the external financial reporting of the Company, selects and engages the Company's independent registered public accountants and approves all non-audit engagements of the independent registered public accountants.

Members of the Audit Committee may not be employees of Kestrel Heat or its affiliated companies and must otherwise meet the New York Stock Exchange and SEC independence requirements for service on the Audit Committee. The Board of Directors has determined that Messrs. Nicoletti, Babcock, Bauer and Baxter are independent directors in that they do not have any material relationships with the Company (either directly, or as a partner, shareholder or officer of an organization that has a relationship with the Company) and they otherwise meet the independence requirements of the NYSE and the SEC. The Company's Board of Directors has also determined that at least one member of the Audit Committee, Mr. Nicoletti, meets the SEC criteria of an "audit committee financial expert." Please see Mr. Nicoletti's biography under "Directors and Officers of the General Partner" for his relevant experience regarding his qualifications as an "audit committee financial expert."

During fiscal 2021, the Audit Committee of Kestrel Heat, LLC met five times. All directors attended each meeting.

Reimbursement of Expenses of the General Partner

The general partner does not receive any management fee or other compensation for its management of the Company. The general partner is reimbursed for all expenses incurred on behalf of the Company, including the cost of compensation that are properly allocable to the Company. The Partnership Agreement provides that the general partner shall determine the expenses that are allocable to the Company in any reasonable manner determined by the general partner in its sole discretion. In addition, the general partner and its affiliates may provide services to the Company for which a reasonable fee would be charged as determined by the general partner. There were no reimbursements of the General Partner in fiscal year 2021.

Adoption of Code of Business Conduct and Ethics

We have adopted a written Code of Business Conduct and Ethics that applies to our officers and employees and our directors. A copy of the Code of Business Conduct and Ethics is available on our website at www.stargrouplp.com or a copy may be obtained without charge, by contacting Investor Relations, (203) 328-7310.

We intend to post amendments to or waivers of our Code of Business Conduct and Ethics (to the extent applicable to any executive officer or director) on our website.

Section 16(a) Beneficial Ownership Reporting Compliance

Based on copies of reports furnished to us, we believe that during fiscal year 2021, all reporting persons complied with the Section 16(a) filing requirements applicable to them.

Non-Management Directors and Interested Party Communications

The non-management directors on the Board of Directors of the general partner are Messrs. Babcock, Bauer, Baxter, Donovan, Lawrence, Nicoletti and Vermylen. The non-management directors have selected Mr. Vermylen, the Chairman of the Board, to serve as lead director to chair executive sessions of the non-management directors. Interested parties who wish to contact the non-management directors as a group may do so by contacting Paul A. Vermylen, Jr. c/o Star Group, L.P., 9 West Broad Street, Suite 310, Stamford, CT 06902.

ITEM 11. EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Our Third Amended and Restated Agreement of Limited Partnership, provides that our general partner, Kestrel Heat, shall conduct, direct and manage all activities of the Company. The limited liability company agreement of the general partner provides that the business of the general partner shall be managed by a Board of Directors. The responsibility of the Board is to supervise and direct the management of the Company in the interest and for the benefit of our unitholders. Among the Board's responsibilities is to regularly evaluate the performance and to approve the compensation of the Chief Executive Officer and, with the advice of the Chief Executive Officer, regularly evaluate the performance and approve the compensation of key executives.

As a limited partnership that is listed on the New York Stock Exchange, we are not required to have a Compensation Committee. Since the Chairman of the general partner and the majority of the Board are not employees, the Board determined that it has adequate independence to act in the capacity of a Compensation Committee to establish and review the compensation our executive officers and directors. The Board is comprised of Paul A. Vermylen Jr. (Chairman), Jeffrey M. Woosnam (President and Chief Executive Officer), Daniel P. Donovan, Henry D. Babcock, David M. Bauer, C. Scott Baxter, Bryan H. Lawrence, and William P. Nicoletti.

Throughout this Report, each person who served as chief executive officer ("CEO") during fiscal 2021, each person who served as chief financial officer ("CFO") during fiscal 2021 and the two other most highly compensated executive officers serving at September 30, 2021 (there being no other executive officers) are referred to as the "named executive officers" and are included in the Executive Compensation Table.

In this Compensation Discussion and Analysis, we address the compensation paid or awarded to Messrs. Woosnam, Ambury, Hammond and McDonald. We refer to these executive officers as our "named executive officers."

Compensation decisions for the above named executive officers were made by the Board of Directors of the Company.

Compensation Philosophy and Policies

The primary objectives of our compensation program, including compensation of the named executive officers, are to attract and retain highly qualified officers, employees and directors and to reward individual contributions to our success. The Board of Directors considers the following policies in determining the compensation of the named executive officers:

- compensation should be related to the performance of the individual executive and the performance measured against both financial and non-financial achievements;
- compensation levels should be competitive to ensure that we will be able to attract, motivate and retain highly qualified executive officers; and
- compensation should be related to improving unitholder value over time.

Compensation Methodology

The elements of our compensation program for named executive officers are intended to provide a total incentive package designed to drive performance and reward contributions in support of business strategies at the Company. Subject to the terms of employment agreements that have been entered into with the named executive officers, all compensation determinations are discretionary and subject to the decision-making authority of the Board of Directors. We do not use benchmarking as a fixed criterion to determine compensation. Rather, after subjectively setting compensation based on the policies discussed above under "Compensation Philosophy and Policies", we reviewed the compensation paid to officers holding similar positions at our peer group companies and certain information for privately held companies to obtain a general understanding of the reasonableness of base salaries and other compensation payable to our named executive officers. Our peer group of public companies was comprised of the following companies: Atmos Energy Corporation, Global Partners, L.P., New Jersey Resources Corporation, Sprague Resources, L.P. and Suburban Propane Partners, L.P. We chose these companies because they are engaged in the distribution of energy products like us.

Elements of Executive Compensation

For the fiscal year ended September 30, 2021, the principal components of compensation for the named executive officers were:

- base salary;
- annual discretionary profit sharing allocation;
- management incentive compensation plan; and
- retirement and health benefits.

Under our compensation structure, the mix of base salary, discretionary profit sharing allocation and long-term compensation provided to each executive officer varies depending on their position. The base salary for each executive officer is the only fixed component of compensation. All other compensation, including annual discretionary profit sharing allocation and long-term incentive compensation, is variable in nature.

The majority of the Company's compensation allocation is weighted towards base salary and annual discretionary profit sharing allocation. In addition, during fiscal 2021, an aggregate of $386,857 was paid to the named executive officers under the terms of the management incentive compensation plan and represented a small portion of the executive compensation that was paid to these officers. If we are successful in increasing the overall level of distributions payable to unitholders, the amounts payable to the named executive officers under the management incentive compensation plan should increase.

We believe that together all of our compensation components provide a balanced mix of fixed compensation and compensation that is contingent upon each executive officer's individual performance and our overall performance. A goal of the compensation program is to provide executive officers with a reasonable level of security through base salary and benefits, while rewarding them through incentive compensation to achieve business objectives and create unitholder value over time. We believe that each of our compensation components is important in achieving this goal. Base salaries provide executives with a base level of monthly income and security. Annual discretionary profit sharing allocations and long-term incentive awards provide an incentive to our executives to achieve business objectives that increase our financial performance, which creates unitholder value through continuity of, and increases in, distributions and increases in the market value of the units. In addition, we want to ensure that our compensation programs are appropriately designed to encourage executive officer retention, which is accomplished through all of our compensation elements.

Base Salary

The Board of Directors establishes base salaries for the named executive officers based on a number of factors, including:

- the historical salaries for services rendered to the Company and responsibilities of the named executive officer;
- the salaries of equivalent executive officers at our peer group companies and other data for our industry; and
- the prevailing levels of compensation and cost of living in the location in which the named executive officer works.

In determining the initial base compensation payable to individual named executive officers when they are first hired by Star, our starting point is the historical compensation levels that we have paid to officers performing similar functions over the past few years. We also consider the level of experience and accomplishments of individual candidates and general labor market conditions, including the availability of candidates to fill a particular position. When we make adjustments to the base salaries of existing named executive officers, we review the individual's performance, the value each named executive officer brings to us and general labor market conditions.

Elements of individual performance considered, among others, without any specific weight given to each element, include business-related accomplishments during the year, difficulty and scope of responsibilities, effective leadership, experience, expected future contributions to the Company and difficulty of replacement. While base salary provides a base level of compensation intended to be competitive with the external market, the base salary for each named executive officer is determined on a subjective basis after consideration of these factors and is not based on target percentiles or other formal criteria. Although we believe that base salaries for our named executive officers are generally competitive with the external market, we do not use benchmarking as a fixed criterion to determine base compensation. Rather, after subjectively setting base salaries based on the above factors, we review the compensation paid to officers holding similar positions at our peer group companies to obtain a general understanding of the reasonableness of base salaries and other compensation payable to our named executive officers. We also take into account geographic differences for similar positions in the New York Metropolitan area. While cost of living is considered in determining annual increases, we do not typically provide full cost of living adjustments as salary increases are constrained by budgetary restrictions and the ability to fund the Company's current cash needs such as interest expense, maintenance capital, income taxes and distributions.

Profit Sharing Allocations

We maintain a profit sharing pool for certain employees, including named executive officers, which is equal to approximately 6% of our earnings before income taxes, depreciation and amortization, excluding items affecting comparability ("adjusted EBITDA") for the given fiscal year. The annual discretionary profit sharing allocations paid to the named executive officers are payable from this pool. The size of the pool fluctuates based upon upward or downwards changes in adjusted EBITDA and the size of an individual award to a named executive officer fluctuates based on the size of the profit sharing pool and the number of participants in the plan. Depending upon the size of the profit sharing pool, and the number of participants in the plan, the amount paid to the named executive officers could be more or less.

There are no set formulas for determining the amount payable to our named executive officers from the profit sharing plan. Factors considered by our CEO and the Board in determining the level of profit sharing allocations generally include, without assigning a particular weight to any factor:

- whether or not we achieved certain budgeted goals for the year and any material shortfalls or superior performances relative to expectations. Under the plan, no profit sharing was payable with respect to fiscal 2021 unless we achieved actual adjusted EBITDA for fiscal 2021 of at least 70% of the amount of budgeted adjusted EBITDA for fiscal 2021;
- the level of difficulty associated with achieving such objectives based on the opportunities and challenges encountered during the year; and
- significant transactions or accomplishments for the period not included in the goals for the year.

Our CEO takes these factors into consideration as well as the relative contributions of each of the named executive officers to the year's performance in developing his recommendations for profit sharing amounts. Based on such assessment, our CEO submits recommendations to the Board of Directors for the annual profit sharing amounts to be paid to our named executive officers (other than the CEO), for the Board's review and approval. Similarly, the Chairman assesses the CEO's contribution toward meeting the Company's goals based upon the above factors, and recommends to the Board of Directors a profit sharing allocation for the CEO it believes to be commensurate with such contribution.

The Board of Directors retains the ultimate discretion to determine whether the named executive officers will receive annual profit sharing allocations based upon the factors discussed above.

Management Incentive Compensation Plan

In fiscal 2007, following our recapitalization, the Board of Directors adopted the Management Incentive Compensation Plan (the "Plan") for certain named employees. Under the Plan, employees who participate shall be entitled to receive a pro rata share (as determined in the manner described below) of an amount in cash equal to:

- 50% of the distributions ("Incentive Distributions") of Available Cash in excess of the minimum quarterly distribution of $0.0675 per unit otherwise distributable to Kestrel Heat pursuant to the Partnership Agreement on account of its general partner units; and
- 50% of the cash proceeds (the "Gains Interest") which Kestrel Heat shall receive from any sale of its general partner units (as defined in the Partnership Agreement), less expenses and applicable taxes.

We believe that the Plan provides a long-term incentive to its participants because it encourages Star's management to increase available cash for distributions in order to trigger the incentive distributions that are only payable if distributions from available cash exceed certain target distribution levels, with higher amounts of incentive distributions triggered by higher levels of distributions. Such increases are not sustainable on a consistent basis without long-term improvements in our operations. In addition, under certain Plan amendments that were adopted in 2012, the participation points of existing plan participants will vest and become irrevocable over a four year period, provided that the participants continue to be employed by us during the vesting period. We believe that this will help ensure that the Plan participants, which include our named executive officers, will have a continuing personal interest in the success of Star.

The pro rata share payable to each participant under the Plan is based on the number of participation points as described under "Fiscal 2021 Compensation Decisions—Management Incentive Compensation Plan." The amount paid in Incentive Distributions is governed by the Partnership Agreement and Available Cash (as defined in our Partnership Agreement) is distributed to the holders of our common units and general partner units in the following manner:

First, 100% to all common units, pro rata, until there has been distributed to each common unit an amount equal to the minimum quarterly distribution of $0.0675 for that quarter;

Second, 100% to all common units, pro rata, until there has been distributed to each common unit an amount equal to any arrearages in the payment of the minimum quarterly distribution for prior quarters;

Third, 100% to all general partner units, pro rata, until there has been distributed to each general partner unit an amount equal to the minimum quarterly distribution;

Fourth, 90% to all common units, pro rata, and 10% to all general partner units, pro rata, until each common unit has received the first target distribution of $0.1125; and

Finally, 80% to all common units, pro rata, and 20% to all general partner units, pro rata.

Available Cash, as defined in our Partnership Agreement, generally means all cash on hand at the end of the relevant fiscal quarter less the amount of cash reserves established by the Board of Directors of our general partner in its reasonable discretion for future cash requirements. These reserves are established for the proper conduct of our business, including acquisitions, the payment of debt principal and interest and for distributions during the next four quarters and to comply with applicable law and the terms of any debt agreements or other agreements to which we are subject. The Board of Directors of our general partner reviews the level of Available Cash each quarter based upon information provided by management.

To fund the benefits under the Plan, Kestrel Heat has agreed to permanently and irrevocably forego receipt of the amount of Incentive Distributions that are payable to plan participants. For accounting purposes, amounts payable to management under this Plan will be treated as compensation and will reduce both EBITDA and net income but not adjusted EBITDA. Kestrel Heat has also agreed to contribute to the Company, as a contribution to capital, an amount equal to the Gains Interest payable to participants in the Plan by the Company. The Company is not required to reimburse Kestrel Heat for amounts payable pursuant to the Plan.

The Plan is administered by our Chief Financial Officer under the direction of the Board or by such other officer as the Board may from time to time direct. In general, no payments will be made under the Plan if we are not distributing cash under the Incentive Distributions described above.

Effective as of July 19, 2012, the Board of Directors adopted certain amendments (the “Plan Amendments”) to the Plan. Under the Plan Amendments, the number and identity of the Plan participants and their participation interests in the Plan have been frozen at the current levels. In addition, under the Plan Amendments, the plan benefits (to the extent vested) may be transferred upon the death of a participant to his or her heirs. A participant’s vested percentage of his or her plan benefits will be 100% during the time a participant is an employee or consultant of the Company. Following the termination of such positions, a participant’s vested percentage shall be equal to 20% for each full or partial year of employment or consultation with us starting with the fiscal year ended September 30, 2012 (33 1/3% in the case of the Company’s chief executive officer at that time).

We distributed $916,568 in Incentive Distributions under the Plan during fiscal 2021, including payments to the named executive officers of approximately $386,857. With regard to the Gains Interest, Kestrel Heat has not given any indication that it will sell its general partner units within the next 12 months. Thus the Plan’s value attributable to the Gains Interest currently cannot be determined.

Retirement and Health Benefits

We offer a health and welfare and retirement program to all eligible employees. The named executive officers are generally eligible for the same programs on the same basis as other employees of Star. We maintain a tax-qualified 401(k) retirement plan that provides eligible employees with an opportunity to save for retirement on a tax advantaged basis. Under the 401(k) plan, subject to IRS limitations, each participant can contribute from 0% to 60% of compensation.

We make a 4% (or a maximum of 5.5% for participants who had 10 or more years of service at the time our defined benefit plans were frozen and who have reached the age 55) core contribution of a participant’s compensation and generally can match 2/3 (up to 3.0%) of a participant’s contributions, subject to IRS limitations.

In addition, we have two frozen defined benefit pension plans that were maintained for all eligible employees, including certain executive officers. The present value of accumulated benefits under these frozen defined benefit pension plans for certain executive officers is provided in the table labeled “Pension Plans Pursuant to Which Named Executive Officers Have an Accumulated Benefit But Are Not Currently Accruing Benefits.”

Fiscal 2021 Compensation Decisions

For fiscal 2021, the foregoing elements of compensation were applied as follows:

Base Salary

The following table sets forth each named executive officer's base salary as of October 1, 2021 and the percentage increase in base salary over October 1, 2020. The current base salaries for our named executive officers were determined based upon the factors discussed under the caption "Base Salary." The average percentage increase in base salary for executives in our peer group was approximately 8.2%.

Name	Salary	Percentage Change From Prior Year
Jeffrey M. Woosnam	$440,000	3.5%
Richard F. Ambury	$444,968	2.5%
Jeffrey S. Hammond	$329,676	3.5%
Joseph R. McDonald	$329,676	3.5%

Annual Discretionary Profit Sharing Allocation

Based on the annual performance reviews for our CEO and named executive officers, the Board approved annual profit sharing allocations as reflected in the "Summary Compensation Table" and notes thereto. For fiscal 2021, the profit sharing amounts reflected in the Summary Compensation Table are 3% lower than fiscal 2020 for Messrs. Woosnam, Ambury, Hammond and McDonald.

One of our primary performance measures is Adjusted EBITDA, as defined under the Profit Sharing Plan. For fiscal 2021, Adjusted EBITDA (as calculated under the Profit Sharing Plan) decreased by $3.3 million, or 2.5%, to $126.7 million compared to fiscal 2020. For our peer group, the average percentage increase in Adjusted EBITDA was 15.3%, but the average total compensation increased by 8.2%.

Another performance measure is acquisitions. During fiscal 2021 the Company acquired two propane and three heating oil dealers that generate approximately 13 million gallons of home heating oil and propane annually. Messrs. Woosnam, Ambury, Hammond and McDonald were instrumental in the successful integration of these transactions.

Management Incentive Compensation Plan

In 2012, under the Plan Amendments adopted by the Board, the number and identity of the Plan participants and their participation points were frozen at the current levels in order to more closely align the interests of Plan participants and unitholders and to give Plan participants a continuing personal interest in our success. The number of participation points that were previously awarded to the named executive officers was based on the length of service and level of responsibility of the named executive and our desire to retain the named executive.

In fiscal 2021, $386,857 was paid to the named executive officers under the Plan as indicated in the following chart:

Name	Points	Percentage	Management Incentive Payments
Jeffrey M. Woosnam	60	5.5%	49,917
Richard F. Ambury	235	21.4%	195,508
Jeffrey S. Hammond	50	4.5%	41,598
Joseph R. McDonald	120	10.9%	99,834
Other Plan Participants (a)	635	57.7%	529,711
Total	1,100	100%	$ 916,568

(a) Includes 300 points (27.3%) that were awarded to Mr. Donovan prior to his retirement as the Company's President and Chief Executive Officer effective September 30, 2013.

Retirement and Health Benefits

The named executive officers participate in our retirement and health benefit plans.

Employment Contracts and Severance Agreements

Agreement with Richard F. Ambury

We entered into an employment agreement with Mr. Ambury effective as of April 28, 2008. Mr. Ambury will serve as Chief Financial Officer and Treasurer on an at-will basis. The employment agreement provides for one year's salary as severance if Mr. Ambury's employment is terminated without cause or by Mr. Ambury for good reason.

Agreement with Jeffrey M. Woosnam

We entered into an employment agreement with Mr. Woosnam effective as of June 19, 2019. Mr. Woosnam will serve as President and Chief Executive Officer of Kestrel Heat on an at-will basis. The employment agreement provides for one year's salary as severance if Mr. Woosnam's employment is terminated without cause or by Mr. Woosnam for good reason.

Change in Control Agreements

Change in control arrangements are included in the employment agreement for Mr. Woosnam, Chief Executive Officer and we have entered into a Change in Control Agreement with Mr. Ambury, Chief Financial Officer. Under the terms of each agreement, if either of these executive officers is terminated within 180 days following a change in control (as defined in the agreement), he will be entitled to a payment equal to two times his base annual salary in the year of such termination plus two times the average amount paid as a bonus and/or as profit sharing during the three years preceding the year of such termination. The term change in control means the present equity owners of Kestrel Heat and their affiliates collectively cease to beneficially own equity interests having the voting power to elect at least a majority of the members of the Board of Directors or other governing board of the general partner or any successor entity. If a change in control were to have occurred and their employment was terminated as of the date of this Report, Mr. Woosnam would have received a payment of $2,155,333 and Mr. Ambury would have received a payment of $1,970,814.

Pay Ratio Disclosure

As required by Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 402(u) of Regulation S-K, we are providing the following information about the ratio of the annual total compensation, calculated in accordance with the requirements of Item 402(c)(2)(x) of Regulation S-K of our CEO, Jeffrey M. Woosnam and the annual total compensation of our median employee. For fiscal 2021, our last completed fiscal year, our CEO's total compensation was $1,280,140, versus our median employee compensation of $69,028. This reflects a CEO pay ratio of 19:1. We identified our median compensation employee by examining total compensation paid for fiscal year 2021 to all individuals, excluding Mr. Woosnam, who were employed by us on September 30, 2021, the last day of our fiscal year based on payroll records. No assumptions, adjustments or estimates were made in respect of total compensation, except that we annualized the compensation of any employee that was not employed with us for all of fiscal year 2021, excluding seasonal and temporary employees.

Indemnification Agreements

We have entered into an indemnification agreement with each of our directors and senior executives. These agreements provide for us to, among other things, indemnify such persons against certain liabilities that may arise by reason of their status or service as directors or officers, to advance their expenses incurred as a result of a proceeding as to which they may be indemnified and to cover such person under any directors' and officers' liability insurance policy we choose, in our discretion, to maintain. These indemnification agreements are intended to provide indemnification rights to the fullest extent permitted under applicable indemnification rights statutes in the State of Delaware and are in addition to any other rights such person may have under our Partnership Agreement and the limited liability company agreement of our general partner, and applicable law. We believe these indemnification agreements enhance our ability to attract and retain knowledgeable and experienced executives and independent, non-management directors.

Board of Directors Report

The Board of Directors of the general partner of the Company does not have a separate compensation committee. Executive compensation is determined by the Board of Directors.

The Board of Directors reviewed and discussed with the Company's management the Compensation Discussion and Analysis contained in this annual report on Form 10-K. Based on that review and discussion, the Board of Directors recommends that the Compensation Discussion and Analysis be included in the Company's annual report on Form 10-K for the year ended September 30, 2021.

Paul A. Vermylen, Jr.
Jeffrey M. Woosnam
Henry D. Babcock
David M. Bauer
C. Scott Baxter
Daniel P. Donovan
Bryan H. Lawrence
William P. Nicoletti

Executive Compensation Table

The following table sets forth the annual salary compensation, bonus and all other compensation awards earned and accrued by the named executive officers in the fiscal year.

Summary Compensation Table

Name and Principal Position	Fiscal Year	Salary	Bonus	Unit Awards	Option Awards	Non-Equity Incentive Plan Comp.(1)	Change in Pension Value and Nonqualified Deferred Comp. Earnings (2)	All Other Comp.(6)	Total
Jeffrey M. Woosnam	2021	$ 432,501	—	—	—	$ 750,000	$ —	$ 97,639	$ 1,280,140
President and Chief	2020	$ 402,500	—	—	—	$ 775,000	$ —	$ 94,956	$ 1,272,456
Executive Officer (3)	2019	$ 297,769	—	—	—	$ 388,000	$ —	$ 87,420	$ 773,189
Richard F. Ambury	2021	$ 439,542	—	—	—	$ 595,000	$ 2,073	$ 246,158	$ 1,282,773
Chief Financial Officer,	2020	$ 428,821	—	—	—	$ 615,000	$ 32,355	$ 226,701	$ 1,302,877
Treasurer and Executive	2019	$ 417,872	—	—	—	$ 411,317	$ 58,858	$ 206,786	$ 1,094,833
Vice President									
Jeffrey S. Hammond	2021	$ 324,103	—	—	—	$ 556,000	$ —	$ 89,618	$ 969,721
Chief Operating	2020	$ 313,142	—	—	—	$ 575,000	$ —	$ 84,977	$ 973,119
Officer (4)	2019	$ 292,384	—	—	—	$ 288,000	$ —	$ 80,727	$ 661,111
Joseph R. McDonald	2021	$ 324,103	—	—	—	$ 556,000	$ —	$ 146,555	$ 1,026,658
Chief Customer	2020	$ 313,142	—	—	—	$ 575,000	$ —	$ 136,947	$ 1,025,089
Officer (5)	2019	$ 294,933	—	—	—	$ 288,000	$ —	$ 126,747	$ 709,680

(1) Payable pursuant to the Company's profit sharing pool, which is described under "Compensation Discussion and Analysis. – Profit Sharing Allocation."

(2) We have two frozen defined benefit pension plans that we sometimes refer to in this Report as the Petro defined benefit pension plan and the Meenan defined benefit pension plan, where participants are not accruing additional benefits. Mr. Ambury also participated in a tax-qualified supplemental employee retirement plan which, prior to being frozen in 1997, represented contributions to an employee plan to compensate for a reduction in certain benefits prior to 1997. Included in Mr. Ambury's amounts for the Change in Pension Value and Nonqualified Deferred Comp. Earnings are $333, $5,197, and $9,455 for fiscal years 2021, 2020, and 2019 respectively, for the actuarial changes in the value of his frozen supplemental employee retirement plan. The change in all the named executive's pension values (including the supplemental employee retirement plan) are non-cash, and reflect normal adjustments resulting from changes in discount rates and government mandated mortality tables.

(3) Mr. Woosnam was appointed President and Chief Executive Officer on March 18, 2019.

(4) Mr. Hammond was appointed Chief Operating Officer on March 18, 2019.

(5) Mr. McDonald was appointed Chief Customer Officer on March 18, 2019.

(6) All other compensation is subdivided as follows:

Name	Management Incentive Compensation Plan	Company Match and Core Contribution to 401(K) Plan	Car Allowance or Monetary Value for Personal Use of Company Owned Vehicle	Total
Jeffrey M. Woosnam	$ 49,917	$ 17,782	$ 29,940	$ 97,639
Richard F. Ambury	$ 195,508	$ 21,850	$ 28,800	$ 246,158
Jeffrey S. Hammond	$ 41,598	$ 17,762	$ 30,258	$ 89,618
Joseph R. McDonald	$ 99,834	$ 16,824	$ 29,897	$ 146,555

Grants of Plan-Based Awards

Name	Grant Date (1)	Estimated Future Payouts Equity Incentive Plan Awards (1) Threshold ($)	Target ($) (2)	Maximum ($)	Estimated Future Payouts Under Equity Incentive Plan Threshold (#)	Target (#)	Maximum (#)	All Other Stocks Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards
Jeffrey M. Woosnam	7/21/09	—	$ 750,000	—	—	—	—	—	—	—	—
Richard F. Ambury	7/21/09	—	$ 595,000	—	—	—	—	—	—	—	—
Jeffrey S. Hammond	7/21/09	—	$ 556,000	—	—	—	—	—	—	—	—
Joseph R. McDonald	7/21/09	—	$ 556,000	—	—	—	—	—	—	—	—

(1) On July 21, 2009, the Board of Directors authorized the continuance of the annual profit sharing plan, subject to its power to terminate the plan at any time. Profit sharing allocations are described under "Compensation Philosophy and Policies—Profit Sharing Allocations."

(2) The annual profit sharing plan does not provide for thresholds or maximums; the amounts listed represent the actual awards to the named executive officers for fiscal 2021.

Outstanding Equity Awards at Fiscal Year-End

None.

Option Exercises and Stock Vested

None.

Pension Plans Pursuant to Which Named Executive Officers Have an Accumulated Benefit But Are Not Currently Accruing Benefits

Name	Plan Name	Number of Years Credited Service	Present Value of Accumulated Benefit	Payments During Last Fiscal Year
Richard F. Ambury (1)	Retirement Plan	13	$ 331,647	$ —
	Supplemental Employee Retirement Plan	—	$ 63,470	$ —

(1) The named executive officer has accumulated benefits in the tax-qualified Petro defined benefit pension plan that was frozen in 1997. Mr. Ambury also participated in a tax-qualified supplemental employee retirement plan which, prior to being frozen in 1997, represented contributions to an employee plan to compensate for a reduction in certain benefits prior to 1997. No other named executives were participants in any of these plans. Each year, the named executive officer's accumulated benefits are actuarially calculated generally based on the credited years of service and each employee's compensation at the time the plan was frozen. The present value of these amounts are the present value of a single life annuity generally payable at later or normal retirement age, adjusted for changes in discount rates and government mandated mortality tables. See Note 14—Employee Benefit Plans, to Star's Consolidated Financial Statements, for the material assumptions applied in quantifying the present value of the accumulated benefits of these frozen plans.

Nonqualified Defined Contribution and Other Nonqualified Deferred Compensation Plans

None.

Potential Payments Upon Termination

If Mr. Woosnam's employment is terminated for reasons other than for cause or if Mr. Woosnam terminates his employment for good reason, he will be entitled to receive one-year's salary as severance, except in the case of a termination following a change in control which is discussed above under "Change in Control Agreements." For 12 months following the termination of his employment, Mr. Woosnam is prohibited from competing with the Company or from becoming involved either as an employee, as a consultant or in any other capacity, in the sale of heating oil or propane on a retail basis.

If Mr. Ambury's employment is terminated for reasons other than cause or if Mr. Ambury terminates his employment for a good reason, he will be entitled to receive a severance payment of one year's salary except in the case of a termination following a change in control which is discussed above under "Change in Control Agreements." For 12 months following the termination of his employment, Mr. Ambury is prohibited from competing with the Company or from becoming involved either as an employee, as a consultant or in any other capacity, in the sale of heating oil or propane on a retail basis.

The amounts shown in the table below assume that the triggering event for each named executive officer's termination or change in control payment was effective as of the date of this Report based upon their historical compensation arrangements as of such date. The actual amounts to be paid out can only be determined at the time of such named executive officer's termination of employment or Star's change of control.

The employment agreements of the foregoing officers also require that they not reveal confidential information of the Company within 12 months following the termination of their employment.

Name	Potential Payments Upon Termination	Potential Payments Following a Change of Control
Jeffrey M. Woosnam	$ 440,000	$ 2,155,333
Richard F. Ambury	$ 444,968	$ 1,970,814

Compensation of Directors

Name	Fees Earned or Paid in Cash	Unit Awards	Option Awards	Non-Equity Incentive Plan Compensation	Change in Pension Value and Nonqualified Deferred Compensation Earnings (2)	All Other Compensation (3)	Total
	Director Compensation Table - Fiscal Year 2021						
Paul A. Vermylen, Jr. (1)	$ 130,500	—	—	—	$ 10,785	$ 69,527	$ 210,812
Daniel P. Donovan (4)	$ 70,917	—	—	—	$ 2,461	$ 312,696	$ 386,074
Henry D. Babcock (5)	$ 90,500	—	—	—	$ —	$ —	$ 90,500
David M. Bauer (5)	$ 90,500	—	—	—	$ —	$ —	$ 90,500
C. Scott Baxter (5)	$ 90,500	—	—	—	$ —	$ —	$ 90,500
Bryan H. Lawrence (6)	$ —	—	—	—	$ —	$ —	$ —
William P. Nicoletti (7)	$ 102,583	—	—	—	$ —	$ —	$ 102,583

(1) Mr. Vermylen is non-executive Chairman of the Board.

(2) Mr. Vermylen and Mr. Donovan participate in one of our frozen defined benefit pension plans. Participants are currently not accruing additional benefits under the frozen plan. The change in the pension value reflects normal non-cash adjustments resulting from changes in discount rates and government mandated mortality tables.
(3) Mr. Vermylen and Mr. Donovan reached the frozen defined benefit pension plan full retirement age in fiscal year 2012 and 2011, respectively, and started receiving pension payments.
(4) The amount included for Mr. Donovan in all other compensation represents $249,585 for amounts paid to him under the management incentive compensation plan, and $63,111 for pension payments.
(5) Mr. Babcock, Mr. Bauer and Mr. Baxter are Audit Committee members.
(6) Mr. Lawrence has chosen not to receive any fees as a director of the general partner of Star.
(7) Mr. Nicoletti is Chairman of the Audit Committee.

Each non-management director receives an annual fee of $61,000 plus $1,500 for each regular and telephonic meeting attended. The Chairman of the Audit Committee receives an annual fee of $24,400 while other Audit Committee members receive an annual fee of $12,200. Each member of the Audit Committee receives $1,500 for every regular and telephonic meeting attended. The non-executive Chairman of the Board receives an annual fee of $120,000.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table shows the beneficial ownership as of November 30, 2021 of common units and general partner units by:

(1) Kestrel and certain beneficial owners;

(2) each of the named executive officers and directors of Kestrel Heat;

(3) all directors and executive officers of Kestrel Heat as a group; and

(4) each person the Company knows to hold 5% or more of the Company’s units.

Except as indicated, the address of each person is c/o Star Group, L.P. at 9 West Broad, Street, Suite 310, Stamford, Connecticut 06902.

	Common Units		General Partner Units	
Name	Number	Percentage	Number	Percentage
Kestrel (a)	—	*	325,729	100.00%
Paul A. Vermylen, Jr. (b)	1,345,983	3.49%		
Henry D. Babcock (c)	104,121	*		
William P. Nicoletti	35,506	*		
Bryan H. Lawrence (d)	1,101,848	2.85%		
C. Scott Baxter	—	*		
David M. Bauer (e)	1,254,662	3.25%		
Daniel P. Donovan	25,000	*		
Richard F. Ambury (f)	38,390	*		
Jeffrey M. Woosnam	10,000	*		
Joseph R. McDonald	6,500	*		
Jeffrey S. Hammond	5,000	*		
All officers and directors and Kestrel Heat, LLC as a group (12 persons)	3,927,010	10.17%	325,729	100.00%
Bandera Partners, LLC (g)	3,314,115	8.58%		

(a) Includes 325,729 general partner units owned by Kestrel Heat. In November 2021, Kestrel Heat made an in-kind distribution of 500,000 common units, representing approximately 1% of the issued and outstanding common units, to Kestrel, which, in turn, made an in-kind distribution of such units, pro rata, to its members.
(b) Includes 218,520 Common Units held by The Robin C. Vermylen 2016 Irrevocable Trust, with respect to which Mr. Vermylen is a trustee of the trust and a beneficiary of the trust; and 852,619 Common Units held by

The Paul A. Vermylen, Jr. 2015 Irrevocable Trust, with respect to which Mr. Vermylen's spouse is a beneficiary of the trust and Mr. Vermylen is the settlor of the trust.

(c) Includes 94,121 Common Units owned by White Hill Trust, with respect to which Mr. Babcock's stepson and son-in-law are the trustees and Mr. Babcock's wife is the primary beneficiary.

(d) Does not include 840,957 Common Units owned by Yorktown Energy Partners VI, L.P. ("Yorktown VI"). Mr. Lawrence is a member and manager of Yorktown VI Associates LLC. The general partner of Yorktown VI Company LP, the general partner of Yorktown VI. Mr. Lawrence does not have sole or shared voting or investment power within the meaning of Rule 13d-3 of the Securities Exchange Act of 1934 with respect to the Common Units held by Yorktown VI and disclaims beneficial ownership of such securities except to the extent of his pecuniary interest therein.

(e) All Common Units are owned by Lubar Equity Fund, LLC. Mr. Bauer owns a minority interest in Lubar Equity Fund, LLC and is Chief Investment Officer of Lubar & Co. Incorporated, the sole manager of Lubar Equity Fund, LLC. While Mr. Bauer serves on the investment committee of Lubar & Co., Inc., he does not have sole or shared voting or investment power within the meaning of Rule 13d-3 of the Securities and Exchange Act of 1934 with respect to the Common Units held by Lubar Equity Fund, LLC and disclaims beneficial ownership of such securities except to the extent of his pecuniary interest therein.

(f) Common Units are owned by the Richard F. Ambury 2013 Revocable Living Trust, with respect to which Mr. Ambury is the trustee.

(g) According to a Form 13F filed by Bandera Partners, LLC with the SEC on November 12, 2021.

* Amount represents less than 1%.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Star has a written conflict of interest policy and procedure that requires all officers, directors and employees to report to senior corporate management or the board of directors, all personal, financial or family interest in transactions that involve the individual and the Star. In addition, our Governance Guidelines provide that any monetary arrangement between a director and his or her affiliates (including any member of a director's immediate family) and the Company or any of its affiliates for goods or services shall be subject to approval by the full Board of Directors.

The general partner does not receive any management fee or other compensation for its management of Star. The general partner is reimbursed for all expenses incurred on behalf of the Star, including the cost of compensation, that are properly allocable to Star. Our Partnership Agreement provides that the general partner shall determine the expenses that are allocable to Star in any reasonable manner determined by the general partner in its sole discretion. In addition, the general partner and its affiliates may provide services to the Star for which a reasonable fee would be charged as determined by the general partner.

Kestrel has the ability to elect the Board of Directors of Kestrel Heat, including Messrs. Vermylen, Bauer and Lawrence. Messrs. Vermylen, Bauer and Lawrence are also members of the board of managers of Kestrel and, either directly or through affiliated entities, own equity interests in Kestrel. Kestrel owns all of the issued and outstanding membership interests of Kestrel Heat.

Policies Regarding Transactions with Related Persons

Our Code of Business Conduct and Ethics, Partnership Governance Guidelines and Partnership Agreement set forth policies and procedures with respect to transactions with persons affiliated with the Company and the resolution of conflicts of interest, which taken together provide the Company with a framework for the review and approval of "transactions" with "related persons" as such terms are defined in Item 404 of Regulation S-K.

For the years ended September 30, 2021, 2020, and 2019, Star had no related party transactions or agreements pursuant to Item 404 of Regulation S-K.

Our Code of Business Conduct and Ethics applies to our directors, officers, employees and their affiliates. It deals with conflicts of interest (e.g., transactions with the Company), confidential information, use of Star assets, business dealings, and other similar topics. The Code requires officers, directors and employees to avoid even the appearance of a conflict of interest and to report potential conflicts of interest to the Company's Senior Vice President Accounting or Director of Internal Audit.

Our Partnership Governance Guidelines provide that any monetary arrangement between a director and his or her affiliates (including any member of a director's immediate family) and the Company or any of its affiliates for goods or services shall be subject to approval by the full Board of Directors. Although the Partnership Governance Guidelines by their terms only apply to directors the Board intends to apply this requirement to officers and employees and their affiliates.

To the extent that the Board determines that it would be in the best interests of the Company to enter into a transaction with a related person, the Board intends to utilize the procedures set forth in the Partnership Agreement for the review and approval of potential conflicts of interest. Our Partnership Agreement provides that whenever a potential conflict of interest exists or arises between the general partner or any of its Affiliates (including its directors, executive officers and controlling members), on the one hand, and the Company or any partner, on the other hand, any resolution or course of action in respect of such conflict of interest shall be permitted and deemed approved by all partners, and shall not constitute a breach of the Partnership Agreement, of any agreement contemplated therein, or of any duty stated or implied by law or equity, if the resolution or course of action is, or by operation of the Partnership Agreement is deemed to be, fair and reasonable to the Company.

Any conflict of interest and any resolution of such conflict of interest shall be conclusively deemed fair and reasonable to the Company if such conflict of interest or resolution is (i) approved by a committee of independent directors (the "Conflicts Committee"), (ii) on terms no less favorable to the Company than those generally being provided to or available from unrelated third parties or (iii) fair to the Company, taking into account the totality of the relationships between the parties involved (including other transactions that may be particularly favorable or advantageous to the Company).

The general partner (including the Conflicts Committee) is authorized in connection with its determination of what is "fair and reasonable" to the Company and in connection with its resolution of any conflict of interest to consider:

(A) the relative interests of any party to such conflict, agreement, transaction or situation and the benefits and burdens relating to such interest;

(B) any customary or accepted industry practices and any customary or historical dealings with a particular person;

(C) any applicable generally accepted accounting practices or principles; and

(D) such additional factors as the general partner (including the Conflicts Committee) determines in its sole discretion to be relevant, reasonable or appropriate under the circumstances.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The following table represents the aggregate fees for professional audit services rendered by KPMG LLP including fees for the audit of our annual financial statements for the fiscal years 2021 and 2020, and for fees billed and accrued for other services rendered by KPMG LLP (in thousands).

	2021	2020
Audit Fees (1)	$ 2,425	$ 2,208
Tax Fees (2)	393	290
Total Fees	$ 2,818	$ 2,498

(1) Audit fees were for professional services rendered in connection with audits and quarterly reviews of the consolidated financial statements of the Company.

(2) Tax fees related to services for tax consulting and tax compliance.

Audit Committee: Pre-Approval Policies and Procedures. At its regularly scheduled and special meetings, the Audit Committee of the Board of Directors considers and pre-approves any audit and non-audit services to be performed by the Company's independent accountants. The Audit Committee has delegated to its chairman, an independent member of the Company's Board of Directors, the authority to grant pre-approvals of non-audit services provided that the service(s) shall be reported to the Audit Committee at its next regularly scheduled meeting. On June 18, 2003, the Audit Committee adopted its pre-approval policies and procedures. Since that date, there have been no audit or non-audit services rendered by the Company's principal accountants that were not pre-approved.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

1. Financial Statements—See “Index to Consolidated Financial Statements and Financial Statement Schedule” set forth on page F-1.

2. Financial Statement Schedule—See “Index to Consolidated Financial Statements and Financial Statement Schedule” set forth on page F-1.

3. Exhibits—See “Index to Exhibits” set forth on the following page.

INDEX TO EXHIBITS

Exhibit Number	Description
3.1	Amended and Restated Certificate of Limited Partnership (Incorporated by reference to an exhibit to the Registrant's Quarterly Report on Form 10-Q filed with the Commission on May 9, 2006.)
3.2	Certificate of Amendment to Amended and Restated Certificate of Limited Partnership (Incorporated by reference to an exhibit to the Registrant's Current Report on Form 8-K with the Commission on October 27, 2017.)
3.3	Third Amended and Restated Agreement of Limited Partnership (Incorporated by reference to an exhibit to the Registrant's Current Report on Form 8-K with the Commission on November 6, 2017.)
10.1	Letter Agreement and general release dated March 7, 2005 between Star Gas Partners L.P. and Irik P. Sevin† (Incorporated by reference to an exhibit to the Registrant's Current Report on Form 8-K filed with the Commission on March 8, 2005.)
10.2	Management Incentive Compensation Plan† (Incorporated by reference to an exhibit to the Registrant's Current Report on Form 8-K with the Commission on July 21, 2006.)
10.3	Amended and Restated Management Incentive Compensation Plan† (Incorporated by reference to an exhibit to the Registrant's Current Report on Form 8-K with the Commission on July 20, 2012.)
10.4	Form of Indemnification Agreement for Officers and Directors (Incorporated by reference to an exhibit to the Registrant's Current Report on Form 8-K with the Commission on July 21, 2006.)
10.5	Form of Amendment No. 1 to Indemnification Agreement (Incorporated by reference to an exhibit to the Registrant's Current Report on Form 8-K with the Commission on October 23, 2006.)
10.6	Modification of Profit Sharing Plan† (Incorporated by reference to an exhibit to the Registrant's Annual Report on Form 10-K filed with the Commission on December 10, 2014.)
10.7	Change in Control Agreement dated December 4, 2007 between Star Gas Partners, L.P. and Daniel P. Donovan† (Incorporated by reference to an exhibit to the Registrant's Annual Report on Form 10-K filed with the Commission on December 7, 2007.)
10.8	Change in Control Agreement dated December 4, 2007 between Star Gas Partners, L.P. and Richard F. Ambury† (Incorporated by reference to an exhibit to the Registrant's Annual Report on Form 10-K filed with the Commission on December 7, 2007.)
10.9	Employment Agreement dated April 28, 2008 between Star Gas Partners, L.P. and Richard Ambury† (Incorporated by reference to an exhibit to the Registrant's Annual Report on Form 10-K filed with the Commission on December 10, 2008.)
10.10	Agreement dated November 2, 2009 between Star Gas Partners, L.P. and Richard G. Oakley† (Incorporated by reference to an exhibit to the Registrant's Current Report on Form 8-K dated November 3, 2009.)
10.11	Letter Agreement, dated as of July 22, 2013, between the Partnership and Steven Goldman regarding Change of Control† (Incorporated by reference to an exhibit to the Registrant's Current Report on Form 8-K dated July 23, 2013.)
10.12	First Amendment to Letter Agreement, dated as of September 30, 2015, between the Partnership and Dan Donovan (Incorporated by reference to an exhibit to the Registrant's Current Report on Form 8-K dated October 2, 2015.)

Exhibit Number	Description
10.13	Letter Agreement, dated as of December 6, 2016, between the Partnership and Steven Goldman regarding employment† (Incorporated by reference to an exhibit to the Registrant's Annual Report on Form 10-K filed with the Commission on December 7, 2016.)
10.14	Letter Agreement, dated as of June 19, 2019, between the Company and Jeffrey M. Woosnam regarding employment (Incorporated by reference to an exhibit to Registrant's Current Report on Form 8-K dated June 21, 2019.)
10.15	Fifth Amended and Restated Credit Agreement, dated as of December 4, 2019 (Incorporated by reference to an exhibit to the Registrant's Annual Report on Form 10-K filed with the Commission on December 5, 2019.)
10.16	Fifth Amended and Restated Pledge and Security Agreement, dated as of December 4, 2019 (Incorporated by reference to an exhibit to the Registrant's Annual Report on Form 10-K filed with the Commission on December 5, 2019.)
10.17	Waiver to the Fifth Amended and Restated Credit Agreement, dated as of November 5, 2020. (Incorporated by reference to an exhibit to the Registrant's Annual Report on Form 10-K filed with the Commission on December 7, 2020.)
10.18	Unit Purchase Agreement, dated as of December 9, 2020, between the Company and Moab Partners, L.P. (Incorporated by reference to an exhibit to the Registrant's Quarterly Report on Form 10-Q dated February 3, 2021.)
10.19	Unit Purchase Agreement, dated as of January 27, 2021, between the Company and Moab Partners, L.P. (Incorporated by reference to an exhibit to the Registrant's Quarterly Report on Form 10-Q dated February 3, 2021.)
14	Code of Business Conduct and Ethics (Incorporated by reference to an exhibit to the Registrant's Current Report on Form 8-K dated November 14, 2014.)
21*	Subsidiaries of the Registrant (Filed herewith.)
31.1*	Certification of Chief Executive Officer, Star Group, L.P., pursuant to Rule 13a-14(a)/15d-14(a)
31.2*	Certification of Chief Financial Officer, Star Group, L.P., pursuant to Rule 13a-14(a)/15d-14(a)
32.1*	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exibit 101)

* Filed Herewith
† Employee compensation plan.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the general partner has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized this 8th day of December, 2021:

STAR GROUP, L.P.

By: KESTREL HEAT, LLC (General Partner)
By: /s/ Jeffrey M. Woosnam

Jeffrey M. Woosnam
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons in the capacities and on the date indicated:

Signature	Title	Date
/s/ Jeffrey M. Woosnam **Jeffrey M. Woosnam**	President and Chief Executive Officer and Director Kestrel Heat, LLC	December 8, 2021
/s/ Richard F. Ambury **Richard F. Ambury**	Chief Financial Officer, Executive Vice President, Treasurer and Secretary (Principal Financial Officer) Kestrel Heat, LLC	December 8, 2021
/s/ Cory A. Czekanski **Cory A. Czekanski**	Vice President—Controller (Principal Accounting Officer) Kestrel Heat, LLC	December 8, 2021
/s/ Paul A. Vermylen, Jr. **Paul A. Vermylen, Jr.**	Non-Executive Chairman of the Board and Director Kestrel Heat, LLC	December 8, 2021
/s/ Henry D. Babcock **Henry D. Babcock**	Director Kestrel Heat, LLC	December 8, 2021
/s/ C. Scott Baxter **C. Scott Baxter**	Director Kestrel Heat, LLC	December 8, 2021
/s/ David M. Bauer **David M. Bauer**	Director Kestrel Heat, LLC	December 8, 2021
/s/ Daniel P. Donovan **Daniel P. Donovan**	Director Kestrel Heat, LLC	December 8, 2021
/s/ Bryan H. Lawrence **Bryan H. Lawrence**	Director Kestrel Heat, LLC	December 8, 2021
/s/ William P. Nicoletti **William P. Nicoletti**	Director Kestrel Heat, LLC	December 8, 2021

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
AND FINANCIAL STATEMENT SCHEDULE

All other schedules are omitted because they are not applicable or the required information is shown in the consolidated financial statements or the notes therein.

Report of Independent Registered Public Accounting Firm

To the Unitholders of Star Group, L.P. and Board of Directors of Kestrel Heat, LLC:

Opinions on the Consolidated *Financial Statements and Internal Control Over Financial Reporting*

We have audited the accompanying consolidated balance sheets of Star Group, L.P. and subsidiaries (the Company) as of September 30, 2021 and 2020, the related consolidated statements of operations, comprehensive income, partners' capital, and cash flows for each of the years in the three-year period ended September 30, 2021, and the related notes and financial statement schedules I and II (collectively, the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of September 30, 2021, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of September 30, 2021 and 2020, and the results of its operations and its cash flows for each of the years in the three-year period ended September 30, 2021, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of September 30, 2021 based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Basis for Opinions

The Company's management is responsible for these *c*onsolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Evaluation of self-insurance liabilities

As discussed in note 2 to the consolidated financial statements, the Company self-insures for a number of risks, including a portion of workers' compensation, auto, general liability and medical claims. Self-insurance liabilities are established and periodically evaluated, based upon expectations as to what the ultimate liability may be for outstanding claims using developmental factors based upon historical claim experience and other actuarial assumptions, with support from a qualified third-party actuary. The balance of the self-insurance liabilities, as of September 30, 2021 amounted to $80.6 million as shown in note 12 to the consolidated financial statements.

We identified the evaluation of the self-insurance liabilities for worker's compensation, auto, and general liability claims as a critical audit matter. Specialized skill and knowledge were necessary to evaluate the actuarial models and key assumptions used to determine the liabilities. Additionally, the evaluation of key assumptions used to estimate the liabilities required complex auditor judgment due to the degree of measurement uncertainty. The key assumptions used include paid and incurred loss development factors, expected loss rates and the selection of the estimated ultimate losses among the estimates derived from the actuarial models.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls over the Company's self-insurance process, including controls related to review of the actuarial models and the development and selection of the key assumptions used in the actuarial calculations. We involved our actuarial professionals with specialized knowledge who assisted in:

— Assessing the actuarial models used by the Company for consistency with generally accepted actuarial standards.
— Evaluating the key assumptions underlying the Company's actuarial estimates by developing an independent expectation of the self-insurance liabilities and comparing the expectation to the amounts recorded by the Company.
— Evaluating the Company's ability to estimate self-insurance liabilities by comparing its historical estimates with actual incurred losses and paid losses.

/s/ KPMG LLP
We have served as the Company's auditor since 1995.

Stamford, Connecticut
December 8, 2021

STAR GROUP, L.P. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(in thousands)	September 30, 2021	September 30, 2020
ASSETS		
Current assets		
Cash and cash equivalents	$ 4,767	$ 56,911
Receivables, net of allowance of $4,779 and $6,121, respectively	99,680	83,594
Inventories	61,183	50,256
Fair asset value of derivative instruments	26,222	—
Prepaid expenses and other current assets	30,140	29,554
Assets held for sale	—	6,030
Total current assets	221,992	226,345
Property and equipment, net	99,123	93,495
Operating lease right-of-use assets	95,839	99,776
Goodwill	253,398	240,327
Intangibles, net	95,474	90,293
Restricted cash	250	250
Captive insurance collateral	69,933	69,787
Deferred charges and other assets, net	17,854	18,343
Total assets	$ 853,863	$ 838,616
LIABILITIES AND PARTNERS' CAPITAL		
Current liabilities		
Accounts payable	$ 37,291	$ 30,827
Liabilities held for sale	—	1,265
Revolving credit facility borrowings	8,618	—
Fair liability value of derivative instruments	—	11,437
Current maturities of long-term debt	17,621	13,000
Current portion of operating lease liabilities	16,446	19,139
Accrued expenses and other current liabilities	121,221	127,286
Unearned service contract revenue	56,972	58,430
Customer credit balances	86,828	83,471
Total current liabilities	344,997	344,855
Long-term debt	92,385	109,805
Long-term operating lease liabilities	84,019	85,908
Deferred tax liabilities, net	29,014	17,227
Other long-term liabilities	25,244	25,001
Partners' capital		
Common unitholders	295,063	273,283
General partner	(2,821)	(2,506)
Accumulated other comprehensive loss, net of taxes	(14,038)	(14,957)
Total partners' capital	278,204	255,820
Total liabilities and partners' capital	$ 853,863	$ 838,616

See accompanying notes to consolidated financial statements.

STAR GROUP, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per unit data)	Years Ended September 30, 2021	2020	2019
Sales:			
Product	$ 1,204,319	$ 1,186,026	$ 1,466,045
Installations and services	292,767	281,432	287,827
Total sales	1,497,086	1,467,458	1,753,872
Cost and expenses:			
Cost of product	754,622	738,714	998,559
Cost of installations and services	264,810	253,724	267,607
(Increase) decrease in the fair value of derivative instruments	(36,138)	2,755	25,113
Delivery and branch expenses	327,910	323,373	369,033
Depreciation and amortization expenses	33,485	34,623	32,901
General and administrative expenses	25,096	25,072	28,414
Finance charge income	(2,899)	(3,771)	(5,105)
Operating income	130,200	92,968	37,350
Interest expense, net	(7,816)	(9,702)	(11,164)
Amortization of debt issuance costs	(972)	(999)	(1,032)
Other loss, net	—	(5,724)	—
Income before income taxes	121,412	76,543	25,154
Income tax expense	33,675	20,625	7,517
Net income	$ 87,737	$ 55,918	$ 17,637
General Partner's interest in net income	689	377	95
Limited Partners' interest in net income	$ 87,048	$ 55,541	$ 17,542
Basic and diluted income per Limited Partner Unit (1):	$ 1.82	$ 1.07	$ 0.35
Weighted average number of Limited Partner units outstanding:			
Basic and Diluted	40,553	45,656	50,814

(1) See Note 19 - Earnings Per Limited Partner Units.

See accompanying notes to consolidated financial statements.

STAR GROUP, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)	Years Ended September 30, 2021	2020	2019
Net income	$ 87,737	$ 55,918	$ 17,637
Other comprehensive income:			
Unrealized gain on pension plan obligation	735	2,876	1,170
Tax effect of unrealized gain on pension plan obligation	(217)	(782)	(320)
Unrealized gain (loss) on captive insurance collateral	(963)	916	2,231
Tax effect of unrealized gain (loss) on captive insurance collateral	203	(190)	(473)
Unrealized gain (loss) on interest rate hedge	1,575	(1,193)	(1,993)
Tax effect of unrealized gain (loss) on interest rate hedge	(414)	317	525
Total other comprehensive income	919	1,944	1,140
Total comprehensive income	$ 88,656	$ 57,862	$ 18,777

See accompanying notes to consolidated financial statements.

STAR GROUP, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF PARTNERS' CAPITAL

Years Ended September 30, 2021, 2020 and 2019

	Number of Units					
(in thousands)	Common	General Partner	Common	General Partner	Accum. Other Comprehensive Income (Loss)	Total Partners' Capital
Balance as of September 30, 2018	**53,088**	**326**	**$ 329,129**	**$ (1,303)**	**$ (18,041)**	**$ 309,785**
Impact of adoption of ASU No. 2014-09			9,164	60	—	9,224
Net income			17,542	95	—	17,637
Unrealized gain on pension plan obligation			—	—	1,170	1,170
Tax effect of unrealized gain on pension plan obligation			—	—	(320)	(320)
Unrealized gain on captive insurance collateral			—	—	2,231	2,231
Tax effect of unrealized gain on captive insurance collateral			—	—	(473)	(473)
Unrealized loss on interest rate hedge			—	—	(1,993)	(1,993)
Tax effect of unrealized loss on interest rate hedge			—	—	525	525
Distributions			(24,773)	(820)	—	(25,593)
Retirement of units	(5,403)		(51,353)	—	—	(51,353)
Balance as of September 30, 2019	**47,685**	**326**	**$ 279,709**	**$ (1,968)**	**$ (16,901)**	**$ 260,840**
Net income			55,541	377	—	55,918
Unrealized gain on pension plan obligation			—	—	2,876	2,876
Tax effect of unrealized gain on pension plan obligation			—	—	(782)	(782)
Unrealized gain on captive insurance collateral			—	—	916	916
Tax effect of unrealized gain on captive insurance collateral			—	—	(190)	(190)
Unrealized loss on interest rate hedge			—	—	(1,193)	(1,193)
Tax effect of unrealized loss on interest rate hedge			—	—	317	317
Distributions			(23,536)	(915)	—	(24,451)
Retirement of units	(4,357)		(38,431)	—	—	(38,431)
Balance as of September 30, 2020	**43,328**	**326**	**$ 273,283**	**$ (2,506)**	**$ (14,957)**	**$ 255,820**
Net income			87,048	689	—	87,737
Unrealized gain on pension plan obligation			—	—	735	735
Tax effect of unrealized gain on pension plan obligation			—	—	(217)	(217)
Unrealized loss on captive insurance collateral			—	—	(963)	(963)
Tax effect of unrealized loss on captive insurance collateral			—	—	203	203
Unrealized gain on interest rate hedge			—	—	1,575	1,575
Tax effect of unrealized gain on interest rate hedge			—	—	(414)	(414)
Distributions			(22,444)	(1,004)	—	(23,448)
Retirement of units	(4,282)		(42,824)	—	—	(42,824)
Balance as of September 30, 2021	**39,046**	**326**	**$ 295,063**	**$ (2,821)**	**$ (14,038)**	**$ 278,204**

See accompanying notes to consolidated financial statements.

STAR GROUP, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)	Years Ended September 30, 2021	2020	2019
Cash flows provided by (used in) operating activities:			
Net income	$ 87,737	$ 55,918	$ 17,637
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
(Increase) decrease in fair value of derivative instruments	(36,138)	2,755	25,113
Depreciation and amortization	34,457	35,622	33,933
(Recovery) provision for losses on accounts receivable	(248)	3,441	9,541
Change in deferred taxes	11,361	(3,544)	(5,126)
Other loss, net	—	5,724	—
Changes in operating assets and liabilities net of amounts related to acquisitions:			
(Increase) decrease in receivables	(15,171)	34,366	10,137
(Increase) decrease in inventories	(11,472)	14,588	(6,306)
Decrease in other assets	1,529	11,627	10,146
Increase (decrease) in accounts payable	6,939	(3,199)	(2,918)
Increase in customer credit balances	3,054	14,775	3,615
(Decrease) increase in other current and long-term liabilities	(13,171)	3,595	1,610
Net cash provided by operating activities	68,877	175,668	97,382
Cash flows provided by (used in) investing activities:			
Capital expenditures	(15,083)	(14,127)	(11,301)
Proceeds from sales of fixed assets	424	631	1,097
Proceeds from sale of propane assets	6,093	—	—
Purchase of investments	(1,052)	(10,417)	(11,058)
Acquisitions	(40,708)	(4,228)	(60,904)
Net cash used in investing activities	(50,326)	(28,141)	(82,166)
Cash flows provided by (used in) financing activities:			
Revolving credit facility borrowings	75,154	90,202	139,331
Revolving credit facility repayments	(66,536)	(151,702)	(79,331)
Proceeds from term loan	—	130,000	—
Loan repayments	(13,000)	(99,000)	(7,500)
Distributions	(23,448)	(24,451)	(25,593)
Unit repurchases	(42,824)	(38,431)	(51,353)
Customer retainage payments	(29)	(514)	(357)
Payments of debt issuance costs	(12)	(1,619)	(45)
Net cash used in financing activities	(70,695)	(95,515)	(24,848)
Net (decrease) increase in cash, cash equivalents and restricted cash	(52,144)	52,012	(9,632)
Cash, cash equivalents and restricted cash at beginning of period	57,161	5,149	14,781
Cash, cash equivalents and restricted cash at end of period	$ 5,017	$ 57,161	$ 5,149

See accompanying notes to consolidated financial statements.

1) Organization

Star Group, L.P. ("Star" the "Company," "we," "us," or "our") is a full service provider specializing in the sale of home heating and air conditioning products and services to residential and commercial home heating oil and propane customers. The Company has one reportable segment for accounting purposes. We also sell diesel fuel, gasoline and home heating oil on a delivery only basis, and in certain of our marketing areas, we provide plumbing services primarily to our home heating oil and propane customer base. We believe we are the nation's largest retail distributor of home heating oil based upon sales volume. Including our propane locations, we serve customers in the more northern and eastern states within the Northeast, Central and Southeast U.S. regions.

The Company is organized as follows:

- Star is a limited partnership, which at September 30, 2021, had outstanding 39.0 million Common Units (NYSE: "SGU"), representing a 99.2% limited partner interest in Star, and 0.3 million general partner units, representing a 0.8% general partner interest in Star. Our general partner is Kestrel Heat, LLC, a Delaware limited liability company ("Kestrel Heat" or the "general partner"). The Board of Directors of Kestrel Heat (the "Board") is appointed by its sole member, Kestrel Energy Partners, LLC, a Delaware limited liability company ("Kestrel").
- Star owns 100% of Star Acquisitions, Inc. ("SA"), a Minnesota corporation, that owns 100% of Petro Holdings, Inc. ("Petro"). SA and its subsidiaries are subject to Federal and state corporate income taxes. Star's operations are conducted through Petro and its subsidiaries. Petro is primarily a Northeast and Mid-Atlantic U.S. region retail distributor of home heating oil and propane that at September 30, 2021 served approximately 422,200 full service residential and commercial home heating oil and propane customers and 71,100 customers on a delivery only basis. We also sell gasoline and diesel fuel to approximately 26,700 customers. We install, maintain, and repair heating and air conditioning equipment and to a lesser extent provide these services outside our heating oil and propane customer base including approximately 18,300 service contracts for natural gas and other heating systems.
- Petroleum Heat and Power Co., Inc. ("PH&P") is a wholly owned subsidiary of Star. PH&P is the borrower and Star is the guarantor of the fifth amended and restated credit agreement's $130 million five-year senior secured term loan and the $300 million ($450 million during the heating season of December through April of each year) revolving credit facility, both due December 4, 2024. (See Note 13—Long-Term Debt and Bank Facility Borrowings).

2) Summary of Significant Accounting Policies

Basis of Presentation

The Consolidated Financial Statements include the accounts of Star Group, L.P. and its subsidiaries. All material intercompany items and transactions have been eliminated in consolidation.

Comprehensive Income

Comprehensive income is comprised of Net income and Other comprehensive income. Other comprehensive income consists of the unrealized gain amortization on the Company's pension plan obligation for its two frozen defined benefit pension plans, unrealized gain (loss) on available-for-sale investments, unrealized gain (loss) on interest rate hedge and the corresponding tax effects.

Use of Estimates

The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

Refer to Note 3 – Revenue Recognition for revenue recognition accounting policies. Sales of petroleum products are recognized at the time of delivery to the customer and sales of heating and air conditioning equipment are recognized upon completion of installation. Revenue from repairs, maintenance and other services are recognized upon completion of the service. Payments received from customers for equipment service contracts are deferred and amortized into income over the terms of the respective service contracts, on a straight-line basis, which generally do not exceed one year. To the extent that the Company anticipates that future costs for fulfilling its contractual obligations under its service maintenance contracts will exceed the amount of deferred revenue currently attributable to these contracts, the Company recognizes a loss in current period earnings equal to the amount that anticipated future costs exceed related deferred revenues.

Cost of Product

Cost of product includes the cost of home heating oil, diesel, propane, kerosene, gasoline, throughput costs, barging costs, option costs, and realized gains/losses on closed derivative positions for product sales.

Cost of Installations and Services

Cost of installations and services includes equipment and material costs, wages and benefits for equipment technicians, dispatchers and other support personnel, subcontractor expenses, commissions and vehicle related costs.

Delivery and Branch Expenses

Delivery and branch expenses include wages and benefits and department related costs for drivers, dispatchers, garage mechanics, customer service, sales and marketing, compliance, credit and branch accounting, information technology, vehicle and property rental costs, insurance, weather hedge contract costs and recoveries, and operational management and support.

General and Administrative Expenses

General and administrative expenses include property costs, wages and benefits (including profit sharing) and department related costs for human resources, finance and corporate accounting, internal audit, administrative support and supply.

Allocation of Net Income

Net income for partners' capital and statement of operations is allocated to the general partner and the limited partners in accordance with their respective ownership percentages, after giving effect to cash distributions paid to the general partner in excess of its ownership interest, if any.

Net Income per Limited Partner Unit

Income per limited partner unit is computed in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 260-10-05 Earnings Per Share, Master Limited Partnerships (EITF 03-06), by dividing the limited partners' interest in net income by the weighted average number of limited partner units outstanding. The pro forma nature of the allocation required by this standard provides that in any accounting period where the Company's aggregate net income exceeds its aggregate distribution for such period, the Company is required to present net income per limited partner unit as if all of the earnings for the periods were distributed, regardless of whether those earnings would actually be distributed during a particular period from an economic or practical perspective. This allocation does not impact the Company's overall net income or other financial results. However, for periods in which the Company's aggregate net income exceeds its aggregate distributions for such period, it will have the impact of reducing the earnings per limited partner unit, as the calculation according to this standard results in a theoretical increased allocation of undistributed earnings to the general partner. In accounting periods where aggregate net income does not exceed aggregate distributions for such period, this standard does not have any impact on the Company's net income per limited partner unit calculation. A separate and independent calculation for each quarter and year-to-date period is performed, in which the Company's contractual participation rights are taken into account.

Cash Equivalents, Receivables, Revolving Credit Facility Borrowings, and Accounts Payable

The carrying amount of cash equivalents, receivables, revolving credit facility borrowings, and accounts payable approximates fair value because of the short maturity of these instruments.

Cash, Cash Equivalents, and Restricted Cash

The Company considers all highly liquid investments with an original maturity of three months or less, when purchased, to be cash equivalents. At September 30, 2021, the $5.0 million of cash, cash equivalents, and restricted cash on the consolidated statement of cash flows is comprised of $4.8 million of cash and cash equivalents and $0.3 million of restricted cash. At September 30, 2020, the $57.2 million of cash, cash equivalents, and restricted cash on the consolidated statement of cash flows is comprised of $56.9 million of cash and cash equivalents and $0.3 million of restricted cash. Restricted cash represents deposits held by our captive insurance company that are required by state insurance regulations to remain in the captive insurance company as cash.

Receivables and Allowance for Doubtful Accounts

Accounts receivables from customers are recorded at the invoiced amounts. Finance charges may be applied to trade receivables that are more than 30 days past due, and are recorded as finance charge income.

The allowance for doubtful accounts is the Company's estimate of the amount of trade receivables that may not be collectible. The allowance is determined at an aggregate level by grouping accounts based on certain account criteria and its receivable aging. The allowance is based on both quantitative and qualitative factors, including historical loss experience, historical collection patterns, overdue status, aging trends, current and future economic conditions. The Company has an established process to periodically review current and past due trade receivable balances to determine the adequacy of the allowance. No single statistic or measurement determines the adequacy of the allowance. The total allowance reflects management's estimate of losses inherent in its trade receivables at the balance sheet date. Different assumptions or changes in economic conditions could result in material changes to the allowance for doubtful accounts.

Inventories

Liquid product inventories are stated at the lower of cost and net realizable value computed on the weighted average cost method. All other inventories, representing parts and equipment are stated at the lower of cost or net realizable value using the FIFO method.

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed over the estimated useful lives of the depreciable assets using the straight-line method. Land improvement useful lives are between ten and twenty years, buildings and leasehold improvements useful lives are between five and thirty years, fleet and other equipment useful lives are between one to fifteen years, tanks and equipment lives are between three to ten years, furniture, fixtures and office equipment useful lives are between five to ten years.

Operating Lease Right-of-Use Assets and Related Lease Liabilities

The Company determines if an arrangement is a lease at inception. Lease liabilities are measured at the lease commencement date in an amount equal to the present value of the minimum lease payments over the lease term. Right-of-use ("ROU") assets are recognized based on the amount of the lease liability adjusted for any lease payments made to the lessor at or before the commencement date, minus any lease incentives received, plus any initial direct costs incurred. Renewal options are included in the calculation of the ROU asset and lease liability when it is determined that they are reasonably certain of exercise.

Certain of our lease arrangements contain non-lease components such as common area maintenance. We have elected to account for the lease component and its associated non-lease components as a single lease component for properties and vehicles. Leases with an initial term of 12 months or less are not recognized on our balance sheet. The Company has leases that have variable payments, including lease payments where lease payment increases are based on the percentage change in the Consumer Price Index. For such leases, payment at the lease commencement date is used to measure the ROU assets and operating lease liabilities. Changes in the index and other variable payments are expensed as incurred. The interest rate used to determine the present value of the future lease payments is our incremental borrowing rate, because the interest rate implicit in our operating leases is not readily determinable. The basis for an incremental borrowing rate is our Term Loan, market-based yield curves and comparable debt securities.

Captive Insurance Collateral

The captive insurance collateral is held by our captive insurance company in an irrevocable trust as collateral for certain workers' compensation and automobile liability claims. The collateral is required by a third party insurance carrier that insures per claim amounts above a set deductible. If we did not deposit cash into the trust, the third party carrier would require that we issue an equal amount of letters of credit, which would reduce our availability under the fifth amended and restated credit agreement. Due to the expected timing of claim payments, the nature of the collateral agreement with the carrier, and our captive insurance company's source of other operating cash, the collateral is not expected to be used to pay obligations within the next twelve months.

Unrealized gains and losses, net of related income taxes, are reported as accumulated other comprehensive gain (loss), except for losses from impairments which are determined to be other-than-temporary. Realized gains and losses, and declines in value judged to be other-than-temporary on available-for-sale securities are included in the determination of net income and are included in Interest expense, net, at which time the average cost basis of these securities are adjusted to fair value.

Goodwill and Intangible Assets

Goodwill and intangible assets include goodwill, customer lists, trade names and covenants not to compete.

Goodwill is the excess of cost over the fair value of net assets in the acquisition of a company. Goodwill and intangible assets with indefinite useful lives are not amortized, but instead are annually tested for impairment. The Company has one reporting unit and performs a qualitative, and when necessary quantitative, impairment test on its goodwill annually on August 31st or more frequently if events or circumstances indicate that the value of goodwill might be impaired. We performed qualitative assessments (commonly referred to as Step 0) to evaluate whether it is more-likely-than-not (a likelihood that is more than 50%) that goodwill has been impaired, as a basis to determine whether it is necessary to perform the two-step quantitative impairment test. This qualitative assessment includes a review of factors such as our reporting unit's market value compared to its carrying value, our short-term and long-term unit price performance, our planned overall business strategy compared to recent financial results, as well as macroeconomic conditions, industry and market considerations, cost factors, and other relevant Company-specific events. Goodwill impairment if any, needs to be determined if the net book value of a reporting unit exceeds its estimated fair value. If goodwill is determined to be impaired, the amount of impairment is measured based on the excess of the net book value of the goodwill over the implied fair value of the goodwill. The Company performed its annual goodwill impairment valuation in each of the periods ending August 31, 2021, 2020, and 2019, and it was determined based on each year's analysis that there was no goodwill impairment.

Intangible assets with finite useful lives are amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment whenever changes in circumstances indicate that the assets may be impaired. The assessment for impairment requires estimates of future cash flows related to the intangible asset. To the extent the carrying value of the assets exceeds its future undiscounted cash flows, an impairment loss is recorded based on the fair value of the asset.

We use amortization methods and determine asset values based on our best estimates using reasonable and supportable assumptions and projections. Key assumptions used to determine the value of these intangibles include projections of future customer attrition or growth rates, product margin increases, operating expenses, our cost of capital, and corporate income tax rates. For significant acquisitions we may engage a third party valuation firm to assist in the valuation of intangible assets of that acquisition. We assess the useful lives of intangible assets based on the estimated period over which we will receive benefit from such intangible assets such as historical evidence regarding customer churn rate. In some cases, the estimated useful lives are based on contractual terms. Customer lists are the names and addresses of an acquired company's customers. Based on historical retention experience, these lists are amortized on a straight-line basis over seven to ten years.

Trade names are the names of acquired companies. Based on the economic benefit expected and historical retention experience of customers, trade names are amortized on a straight-line basis over three to twenty years.

Business Combinations

We use the acquisition method of accounting. The acquisition method of accounting requires us to use significant estimates and assumptions, including fair value estimates, as of the business combination date, and to refine those estimates as necessary during the measurement period (defined as the period, not to exceed one year, in which the amounts recognized for a business combination may be adjusted). Each acquired company's operating results are included in our consolidated financial statements starting on the date of acquisition. The purchase price is equivalent to the fair value of consideration transferred. Tangible and identifiable intangible assets acquired and liabilities assumed as of the date of acquisition are recorded at the acquisition date fair value. The separately identifiable intangible assets generally are comprised of customer lists, trade names and covenants not to compete. Goodwill is recognized for the excess of the purchase price over the net fair value of assets acquired and liabilities assumed.

Costs that are incurred to complete the business combination such as legal and other professional fees are not considered part of consideration transferred and are charged to general and administrative expense as they are incurred. For any given acquisition, certain contingent consideration may be identified. Estimates of the fair value of liability or asset classified contingent consideration are included under the acquisition method as part of the assets acquired or liabilities assumed. At each reporting date, these estimates are remeasured to fair value, with changes recognized in earnings.

Assets and Liabilities Held for Sale

Assets held for sale represent certain propane assets that the Company sold on October 27, 2020. The carrying amount of assets held for sale at September 30, 2020 included $4.4 million of goodwill, $0.8 million of intangible assets, $5.3 million of property and equipment, net, and $1.3 million of operating lease right-of-use assets. We measure and record assets held for sale at the lower of their carrying amount or fair value less cost to sell and recorded a $5.7 million loss for the year ended September 30, 2020. Liabilities held for sale at September 30, 2020 consisted of $1.3 million of operating lease obligations.

Impairment of Long-lived Assets

The Company reviews intangible assets and other long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. The Company determines whether the carrying values of such assets are recoverable over their remaining estimated lives through undiscounted future cash flow analysis. If such a review should indicate that the carrying amount of the assets is not recoverable, the Company will reduce the carrying amount of such assets to fair value.

Finance Charge Income

Finance charge income represents late customer payment charges and financing income from extended payment plans associated with installations.

Other Income (Loss), Net

Other loss of $5.7 million for the year ended September 30, 2020 represents a loss on a sale of certain propane assets that were held for sale at September 30, 2020 at the lower of their carrying amount or fair value less cost to sell and were sold in fiscal 2021 at their expected value.

Deferred Charges

Deferred charges represent the costs associated with the issuance of the term loan and revolving credit facility and are amortized over the life of the facility.

Advertising

Advertising costs are expensed as they are incurred. Advertising expenses were $13.5 million, $13.5 million, and $14.3 million, in 2021, 2020, and 2019, respectively and are recorded in delivery and branch expenses.

Customer Credit Balances

Customer credit balances represent payments received in advance from customers pursuant to a balanced payment plan (whereby customers pay on a fixed monthly basis) and the payments made have exceeded the charges for liquid product and other services.

Environmental Costs

Costs associated with managing hazardous substances and pollution are expensed on a current basis. Accruals are made for costs associated with the remediation of environmental pollution when it becomes probable that a liability has been incurred and the amount can be reasonably estimated. Liabilities are recorded in accrued expenses and other current liabilities.

Self-Insurance Liability

The Company self-insures a number of risks, including a portion of workers' compensation, auto, general liability and medical liability. Self-insurance liabilities are established and periodically evaluated, based upon expectations as to what the ultimate liability may be for outstanding claims using developmental factors based upon historical claim experience, including frequency, severity, demographic factors and other actuarial assumptions, with support from a qualified third-party actuary. Liabilities are recorded in accrued expenses and other current liabilities.

Income Taxes

At a special meeting held October 25, 2017, unitholders voted in favor of proposals to have the Company be treated as a corporation effective November 1, 2017, instead of a partnership, for federal income tax purposes (commonly referred to as a "check-the-box" election) along with amendments to our Partnership Agreement to effect such changes in income tax classification. For corporate subsidiaries of the Company, a consolidated Federal income tax return is filed.

The accompanying financial statements are reported on a fiscal year, however, the Company and its Corporate subsidiaries file Federal and State income tax returns on a calendar year.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amount of assets and liabilities and their respective tax bases and operating loss carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. A valuation allowance is recognized if, based on the weight of available evidence including historical tax losses, it is more likely than not that some or all of deferred tax assets will not be realized.

The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

Our continuing practice is to recognize interest and penalties related to income tax matters as a component of income tax expense.

Sales, Use and Value Added Taxes

Taxes are assessed by various governmental authorities on many different types of transactions. Sales reported for product, installations and services exclude taxes.

Derivatives and Hedging

Derivative instruments are recorded at fair value and included in the consolidated balance sheet as assets or liabilities. The Company has elected not to designate its commodity derivative instruments as hedging instruments but rather as economic hedges whose changes in fair value of the derivative instruments are recognized in our statement of operations in the caption (Increase) decrease in the fair value of derivative instruments. Depending on the risk being economically hedged, realized gains and losses are recorded in cost of product, cost of installations and services, or delivery and branch expenses.

The Company has designated its interest rate swap agreements as cash flow hedging derivatives. To the extent these derivative instruments are effective and the accounting standard's documentation requirements have been met, changes in fair value are recognized in other comprehensive income (loss) until the underlying hedged item is recognized in earnings.

Fair Value Valuation Approach

The Company uses valuation approaches that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Company determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels (see Note 7 to the consolidated financial statements):

- Level 1 inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.
- Level 2 inputs: Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

Weather Hedge Contract

To partially mitigate the effect of weather on cash flows, the Company has used weather hedge contracts for a number of years. Weather hedge contracts are recorded in accordance with the intrinsic value method defined by the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 815-45-15 Derivatives and Hedging, Weather Derivatives (EITF 99-2). The premium paid is included in the caption prepaid expenses and other current assets in the accompanying balance sheets and amortized over the life of the contract, with the intrinsic value method applied at each interim period.

The Company entered into weather hedge contracts for fiscal years 2020 and 2021. Under these contracts, we are entitled to receive a payment if the total number of degree days within the hedge period is less than the prior ten year average. The hedge period runs from November 1 through March 31, taken as a whole, for each respective fiscal year. The “Payment Thresholds,” or strikes, are set at various levels for fiscal 2020 and 2021. The maximum that the Company could receive is $12.5 million per year. In addition, for fiscal 2020 and 2021 we were obligated to make an annual payment capped at $5.0 million if degree days exceed the Payment Threshold. For fiscal 2021 and 2020 we reduced delivery and branch expense under these contracts by $3.4 million and a $10.1 million, respectively.

For fiscal 2022, the Company entered into weather hedge contracts with similar terms described above. The maximum that the Company can receive is $12.5 million and the maximum that the Company would be obligated to pay annually is $5.0 million.

Recently Adopted Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments – Credit Losses. The update broadens the information that an entity should consider in developing expected credit loss estimates, eliminates the probable initial recognition threshold, and allows for the immediate recognition of the full amount of expected credit losses. The Company adopted ASU No. 2016-13 effective October 1, 2020. The adoption of ASU No. 2016-13 did not have a material impact on the Company’s consolidated financial statements and related disclosures. See Note 3 – Revenue Recognition.

In January 2017, the FASB issued ASU No. 2017-04, Intangibles – Goodwill and Other (Topic 230): Simplifying the Test for Goodwill Impairment. The update simplifies how an entity is required to test goodwill for impairment. An entity should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit’s fair value, but not exceed the total amount of goodwill allocated to the reporting unit. The Company adopted ASU No. 2017-04 effective October 1, 2020. The adoption of ASU No. 2017-04 did not have an impact on the Company’s consolidated financial statements and related disclosures.

In August 2018, the FASB issued ASU No. 2018-14, Compensation - Retirement Benefits - Defined Benefit Plans - General: Changes to the Disclosure Requirements for Defined Benefit Plans, which modifies the disclosure requirements for employers that sponsor defined benefit or other post retirement plans. The Company adopted ASU No. 2018-14 effective October 1, 2020. The adoption of ASU No. 2018-14 did not have an impact on the Company’s consolidated financial statements and related disclosures.

In August 2018, the FASB issued ASU No. 2018-15, Intangibles—Goodwill and Other—Internal-Use Software: Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract, which will align the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The Company adopted ASU No. 2018-15 effective October 1, 2020. The adoption of ASU No. 2018-15 did not have an impact on the Company’s consolidated financial statements and related disclosures.

Recently Issued Accounting Pronouncements

In October 2021, the FASB issued ASU No. 2021-08, Accounting for Contract Assets and Contract Liabilities from Contracts with Customers, which requires accounting for contract assets and liabilities from contracts with customers in a business combination to be accounted for in accordance with ASC No. 606. The standard is effective for fiscal years beginning after December 15, 2022. The Company has not determined the timing of adoption, but does not expect ASU 2021-08 to have a material impact on its consolidated financial statements and related disclosures.

3) Revenue Recognition

The following disaggregates our revenue by major sources for the years ended September 30, 2021, 2020 and 2019:

(in thousands)	Years Ended September 30, 2021	2020	2019
Petroleum Products:			
Home heating oil and propane	$ 881,526	$ 924,421	$ 1,099,874
Motor fuel and other petroleum products	322,793	261,605	366,171
Total petroleum products	1,204,319	1,186,026	1,466,045
Installations and Services:			
Equipment installations	110,475	101,699	101,709
Equipment maintenance service contracts	118,546	120,388	120,138
Billable call services	63,746	59,345	65,980
Total installations and services	292,767	281,432	287,827
Total Sales	$ 1,497,086	$ 1,467,458	$ 1,753,872

Performance Obligations

Petroleum product revenues consist of home heating oil and propane as well as diesel fuel and gasoline. Revenues from petroleum products are recognized at the time of delivery to the customer when control is passed from the Company to the customer. Revenue is measured as the amount of consideration we expect to receive in exchange for transferring control of the petroleum products. Approximately 95% of our full service residential and commercial home heating oil customers automatically receive deliveries based on prevailing weather conditions. We offer several pricing alternatives to our residential home heating oil customers, including a variable price (market based) option and a price-protected option, the latter of which either sets the maximum price or a fixed price that a customer will pay.

Equipment maintenance service contracts primarily cover heating, air conditioning, and natural gas equipment. We generally do not sell equipment maintenance service contracts to heating oil customers that do not take delivery of product from us. The service contract period of our equipment maintenance service contracts is generally one year or less. Revenues from equipment maintenance service contracts are recognized into income over the terms of the respective service contracts, on a straight-line basis. Our obligation to perform service is consistent through the duration of the contracts, and the straight-line basis of recognition is a faithful depiction of the transfer of our services. To the extent that the Company anticipates that future costs for fulfilling its contractual obligations under its equipment service contracts will exceed the amount of deferred revenue currently attributable to these contracts, the Company recognizes a loss in current period earnings equal to the amount that anticipated future costs exceed related deferred revenues.

Revenue from billable call services (repairs, maintenance and other services including plumbing) and equipment installations (heating, air conditioning, and natural gas equipment) are recognized at the time that the work is performed.

Our standard payment terms are generally 30 days. Sales reported for product, installations and services exclude taxes assessed by various governmental authorities.

Contract Costs

We have elected to recognize incremental costs of obtaining a contract, other than new residential product and equipment maintenance service contracts, as an expense when incurred when the amortization period of the asset that we otherwise would have recognized is one year or less. We recognize an asset for incremental commission expenses paid to sales personnel in conjunction with obtaining new residential customer product and equipment maintenance service contracts. We defer these costs only when we have determined the commissions are, in fact, incremental and would not have been incurred absent the customer contract. Costs to obtain a contract are amortized and recorded ratably as delivery and branch expenses over the period representing the transfer of goods or services to which the assets relate. Costs to obtain new residential product and equipment maintenance service contracts are amortized as expense over the estimated customer relationship period of approximately five years. Deferred contract costs are classified as current or non-current within “Prepaid expenses and other current assets” and “Deferred charges and other assets, net,” respectively. At September 30, 2021 the amount of deferred contract costs included in “Prepaid expenses and other current assets” and “Deferred charges and other assets, net” was $3.4 million and $5.7 million, respectively. At September 30, 2020 the amount of deferred contract costs included in “Prepaid expenses and other current assets” and “Deferred charges and other assets, net” was $3.4 million and $5.9 million, respectively. For the years ended September 30, 2021 and September 30, 2020 we recognized expense of $3.9 million and $4.0 million, respectively, associated with the amortization of deferred contract costs within delivery and branch expenses in the Consolidated Statement of Operations. We recognize an impairment charge to the extent the carrying amount of a deferred cost exceeds the remaining amount of consideration we expect to receive in exchange for the petroleum products and services related to the cost, less the expected costs related directly to providing those petroleum products and services that have not yet been recognized as expenses. There have been no impairment charges recognized for the twelve months ended September 30, 2021, September 30, 2020 and September 30, 2019.

Allocation of Transaction Price to Separate Performance Obligations

Our contracts with customers often include distinct performance obligations to transfer products and perform equipment maintenance services to a customer that are accounted for separately. Judgment is required to determine the stand-alone selling price for each distinct performance obligation for the purpose of allocating the transaction price to separate performance obligations. We determine the stand-alone selling price using information that may include market conditions and other observable inputs and typically have more than one stand-alone selling price for petroleum products and equipment maintenance services due to the stratification of those products and services by geography and customer characteristics.

Contract Liability Balances

The Company has contract liabilities for advanced payments received from customers for future oil deliveries (primarily amounts received from customers on “smart pay” budget payment plans in advance of oil deliveries) and obligations to service customers with equipment maintenance service contracts. Approximately 33% of our residential customers take advantage of our “smart pay” budget payment plan under which their estimated annual oil and propane deliveries and service contract billings are paid for in a series of equal monthly installments. Our “smart pay” budget payment plans are annual and generally begin outside of the heating season. We generally have received advanced amounts from customers on “smart pay” budget payment plans prior to the heating season, which are reduced as oil deliveries are made. For customers that are not on “smart pay” budget payment plans, we generally receive the full contract amount for equipment service contracts with customers at the outset of the contracts. Contract liabilities are recognized straight-line over the service contract period, generally one-year or less. As of September 30, 2021 and September 30, 2020 the Company had contract liabilities of $141.6 million and $139.6 million, respectively. During the year ended September 30, 2021 the Company recognized $128.5 million of revenue that was included in the September 30, 2020 contract liability balance. During the year ended September 30, 2020 the Company recognized $118.6 million of revenue that was included in the September 30, 2019 contract liability balance.

Receivables and Allowance for Doubtful Accounts

Changes in the allowance for credit losses are as follows:

(in thousands)		Credit Loss Allowance
Balance at September 30, 2020	$	6,121
Current period provision		(248)
Write-offs, net and other		(1,094)
Balance as of September 30, 2021	$	4,779

4) Quarterly Distribution of Available Cash

The Company’s Partnership Agreement provides that beginning October 1, 2008, the minimum quarterly distributions on the common units will start accruing at the rate of $0.0675 per quarter ($0.27 on an annual basis).

In general, the Company intends to distribute to its partners on a quarterly basis, all of its available cash, if any, in the manner described below. “Available cash” generally means, for any of its fiscal quarters, all cash on hand at the end of that quarter, less the amount of cash reserves that are necessary or appropriate in the reasonable discretion of the general partners to:

- provide for the proper conduct of the Company’s business including acquisitions and debt payments;
- comply with applicable law, any of its debt instruments or other agreements; or
- provide funds for distributions to the common unitholders during the next four quarters, in some circumstances.

Available cash will generally be distributed as follows:

- first, 100% to the common units, pro rata, until the Company distributes to each common unit the minimum quarterly distribution of $0.0675;
- second, 100% to the common units, pro rata, until the Company distributes to each common unit any arrearages in payment of the minimum quarterly distribution on the common units for prior quarters;
- third, 100% to the general partner units, pro rata, until the Company distributes to each general partner unit the minimum quarterly distribution of $0.0675;
- fourth, 90% to the common units, pro rata, and 10% to the general partner units, pro rata (subject to the Management Incentive Plan), until the Company distributes to each common unit the first target distribution of $0.1125; and
- thereafter, 80% to the common units, pro rata, and 20% to the general partner units, pro rata.

The Company is obligated to meet certain financial covenants under the fifth amended and restated credit agreement. The Company must maintain excess availability of at least 15.0% of the revolving commitment then in effect and a fixed charge coverage ratio of 1.15 in order to make any distributions to unitholders. (See Note 13—Long-Term Debt and Bank Facility Borrowings)

For fiscal 2021, 2020, and 2019, cash distributions declared per common unit were $0.550, $0.515, and $0.485, respectively.

For fiscal 2021, 2020, and 2019, $0.9 million, $0.8 million, and $0.7 million, respectively, of incentive distributions were paid to the general partner, exclusive of amounts paid subject to the Management Incentive Plan.

5) Common Unit Repurchase Plans and Retirement

In July 2012, the Board adopted a plan to repurchase certain of the Company’s Common Units (the “Repurchase Plan”). Through August 2020, the Company had repurchased approximately 14.4 million Common Units under the Repurchase Plan. In August 2020, the Board authorized an increase of the number of Common Units that remained available for the Company to repurchase from 2.0 million to a total of 6.0 million, of which, 4.9 million were available for repurchase in open market transactions and 1.1 million were available for repurchase in privately-negotiated transactions. There is no guarantee of the number of units that will be purchased under the Repurchase Plan and the Company may discontinue purchases at any time. The Repurchase Plan does not have a time limit. The Board may also approve additional purchases of units from time to time in private transactions. The Company’s repurchase activities take into account SEC safe harbor rules and guidance for issuer repurchases. All of the Common Units purchased under the Repurchase Plan will be retired.

Under the Credit Agreement dated December 4, 2019, in order to repurchase Common Units we must maintain Availability (as defined in the amended and restated credit agreement) of $45 million, 15.0% of the facility size of $300 million (assuming the non-seasonal aggregate commitment is outstanding) on a historical pro forma and forward-looking basis, and a fixed charge coverage ratio of not less than 1.15 measured as of the date of repurchase. (See Note 13—Long-Term Debt and Bank Facility Borrowings). The following table shows repurchases under the Repurchase Plan.

(in thousands, except per unit amounts)

Period	Total Number of Units Purchased	Average Price Paid per Unit (a)	Total Number of Units Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Units that May Yet Be Purchased	
Fiscal year 2012 to 2020 total	17,697	$ 8.26	14,622	5,730	
First quarter fiscal year 2021 total	2,591	$ 9.75	1,191	4,539	(b), (c)
Second quarter fiscal year 2021 total	538	$ 9.67	538	4,001	(d)
Third quarter fiscal year 2021 total	568	$ 10.94	568	3,433	(e)
July 2021	25	$ 11.27	25	3,408	
August 2021	223	$ 10.68	223	3,185	
September 2021	337	$ 10.30	337	2,848	
Fourth quarter fiscal year 2021 total	585	$ 10.49	585	2,848	
Fiscal year 2021 total	4,282	$ 10.00	2,882	2,848	
October 2021	273	$ 10.67	273	2,575	
November 2021	161	$ 10.99	161	2,414	(f)

(a) Amounts include repurchase costs.
(b) On November 16, 2020, the Company purchased 1.4 million Common Units in a private transaction for aggregate consideration of approximately $13.8 million. The purchase was made outside of the Company's unit repurchase plan.
(c) On December 10, 2020, the Company purchased 0.4 million Common Units in a private transaction for aggregate consideration of approximately $4.2 million. The purchase was made within the Company's unit repurchase plan.
(d) On January 28, 2021, the Company purchased 0.1 million Common Units in a private transaction for aggregate consideration of approximately $1.3 million. The purchase was made within the Company's unit repurchase plan.
(e) On May 28, 2021, the Company purchased 0.3 million Common Units in a private transaction for aggregate consideration of approximately $2.8 million. The purchase was made within the Company's unit repurchase plan.
(f) Of the total available for repurchase, approximately 2.1 million are available for repurchase in open market transactions and 0.3 million are available for repurchase in privately-negotiated transactions.

6) Captive Insurance Collateral

The Company considers all of its captive insurance collateral to be Level 1 available-for-sale investments. Investments at September 30, 2021 consist of the following (in thousands):

	Amortized Cost	Gross Unrealized Gain	Gross Unrealized (Loss)	Fair Value
Cash and Receivables	$ 515	$ —	$ —	$ 515
U.S. Government Sponsored Agencies	51,632	108	(53)	51,687
Corporate Debt Securities	16,302	918	(18)	17,202
Foreign Bonds and Notes	502	27	—	529
Total	$ 68,951	$ 1,053	$ (71)	$ 69,933

Investments at September 30, 2020 consist of the following (in thousands):

	Amortized Cost	Gross Unrealized Gain	Gross Unrealized (Loss)	Fair Value
Cash and Receivables	$ 1,152	$ —	$ —	$ 1,152
U.S. Government Sponsored Agencies	42,032	229	(26)	42,235
Corporate Debt Securities	21,666	1,660	—	23,326
Foreign Bonds and Notes	2,992	82	—	3,074
Total	$ 67,842	$ 1,971	$ (26)	$ 69,787

Maturities of investments were as follows at September 30, 2021 (in thousands):

	Net Carrying Amount
Due within one year	$ 4,035
Due after one year through five years	65,354
Due after five years through ten years	544
Total	$ 69,933

7) Derivatives and Hedging—Disclosures and Fair Value Measurements

The Company uses derivative instruments such as futures, options and swap agreements in order to mitigate exposure to market risk associated with the purchase of home heating oil for price-protected customers, physical inventory on hand, inventory in transit, priced purchase commitments and internal fuel usage. FASB ASC 815-10-05 Derivatives and Hedging, established accounting and reporting standards requiring that derivative instruments be recorded at fair value and included in the consolidated balance sheet as assets or liabilities, along with qualitative disclosures regarding the derivative activity. The Company has elected not to designate its commodity derivative instruments as hedging derivatives, but rather as economic hedges whose change in fair value is recognized in its statement of operations in the line item (Increase) decrease in the fair value of derivative instruments. Depending on the risk being economically hedged, realized gains and losses are recorded in cost of product, cost of installations and services, or delivery and branch expenses.

As of September 30, 2021, to hedge a substantial majority of the purchase price associated with heating oil gallons anticipated to be sold to its price-protected customers, the Company held the following derivative instruments that settle in future months to match anticipated sales:11.8 million gallons of swap contracts with a notional value of $22.9 million and a fair value of $1.4 million, 7.8 million gallons of call options with a notional value of $18.9 million and a fair value of $1.2 million, 4.4 million gallons of put options with a notional value of $5.8 million and a fair value of less than $0.1 million, and 74.2 million net gallons of synthetic call options with an average notional value of $143.2 million and a fair value of $23.7 million. To hedge the inter-month differentials for its price-protected customers, its physical inventory on hand and inventory in transit, the Company, as of September 30, 2021, had 3.8 million gallons of purchased long future contracts that settle daily with a notional value of $5.4 million and a fair value of $3.4 million, and 21.0 million gallons of short future contracts that settle daily with a notional value of $42.1 million and a fair value of $(6.8) million. To hedge its internal fuel usage and other related activities for fiscal 2022, the Company, as of September 30, 2021, had 6.8 million gallons of call options and swap contracts with a notional value of $13.8 million and a fair value of $1.5 million that settle in future months.

As of September 30, 2020, to hedge a substantial majority of the purchase price associated with heating oil gallons anticipated to be sold to its price-protected customers, the Company held the following derivative instruments that settle in future months to match anticipated sales: 11.3 million gallons of swap contracts with a notional value of $16.0 million and a fair value of $(2.6) million, 8.5 million gallons of call options with a notional value of $17.4 million and a fair value of $0.1 million, 5.1 million gallons of put options with a notional value of $4.2 million and a fair value of $0.2 million, and 80.7 million net gallons of synthetic call options with an average notional value of $123.4 million and a fair value of $(8.6) million. To hedge the inter-month differentials for its price-protected customers, its physical inventory on hand and inventory in transit, the Company, as of September 30, 2020, had 19.2 million gallons of purchased short swap contracts with a notional value of $22.7 million and a fair value of less than $0.1 million, 3.8 million gallons of purchased long future contracts that settle daily with a notional value of $5.4 million and a fair value of $(0.4) million, and 11.1 million gallons of short future contracts that settle daily with a notional value of $14.3 million and a fair value of $0.7 million. To hedge its internal fuel usage and other related activities for fiscal 2021, the Company, as of September 30, 2020, had 7.0 million gallons of call options and swap contracts with a notional value of $10.7 million and a fair value of $(0.4) million that settle in future months.

As of September 30, 2021, the Company has interest rate swap agreements in order to mitigate exposure to market risk associated with variable rate interest on $59.0 million, or 53%, of its long term debt. The Company has designated its interest rate swap agreements as cash flow hedging derivatives. To the extent these derivative instruments are effective and the accounting standard's documentation requirements have been met, changes in fair value are recognized in other comprehensive income until the underlying hedged item is recognized in earnings. As of September 30, 2021 the fair value of the swap contracts was $(1.6) million. As of September 30, 2020, the notional value of the swap contracts was $64.0 million and the fair value of the swap contracts was $(3.1) million. We utilized Level 2 inputs in the fair value hierarchy of valuation techniques to determine the fair value of the swap contracts.

The Company's derivative instruments are with the following counterparties: Bank of America, N.A., Bank of Montreal, Cargill, Inc., Citibank, N.A., JPMorgan Chase Bank, N.A., Key Bank, N.A., Toronto-Dominion Bank and Wells Fargo Bank, N.A. The Company assesses counterparty credit risk and considers it to be low. We maintain master netting arrangements that allow for the non-conditional offsetting of amounts receivable and payable with counterparties to help manage our risks and record derivative positions on a net basis. The Company generally does not receive cash collateral from its counterparties and does not restrict the use of cash collateral it maintains at counterparties. At September 30, 2021, the aggregate cash posted as collateral in the normal course of business at counterparties was $5.1 million. Positions with counterparties who are also parties to our credit agreement are collateralized under that facility. As of September 30, 2021, no hedge positions and payable amounts were secured under the credit facility.

The Company's Level 1 derivative assets and liabilities represent the fair value of commodity contracts used in its hedging activities that are identical and traded in active markets. The Company's Level 2 derivative assets and liabilities represent the fair value of commodity and interest rate contracts used in its hedging activities that are valued using either directly or indirectly observable inputs, whose nature, risk and class are similar. No significant transfers of assets or liabilities have been made into and out of the Level 1 or Level 2 tiers. All derivative instruments were non-trading positions and were either a Level 1 or Level 2 instrument. The Company had no Level 3 derivative instruments. The fair market value of our Level 1 and Level 2 derivative assets and liabilities are calculated by our counter-parties and are independently validated by the Company. The Company's calculations are, for Level 1 derivative assets and liabilities, based on the published New York Mercantile Exchange ("NYMEX") market prices for the commodity contracts open at the end of the period. For Level 2 derivative assets and liabilities the calculations performed by the Company are based on a combination of the NYMEX published market prices and other inputs, including such factors as present value, volatility and duration.

The Company had no assets or liabilities that are measured at fair value on a nonrecurring basis subsequent to their initial recognition. The Company's commodity financial assets and liabilities measured at fair value on a recurring basis are listed on the following table.

(In thousands)

Derivatives Not Designated as Hedging Instruments Under FASB ASC 815-10	Balance Sheet Location	Total	Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2
	Asset Derivatives at September 30, 2021			
Commodity contracts	Fair asset value of derivative instruments	$ 29,360	$ —	$ 29,360
Commodity contracts	Long-term derivative liabilities included in the deferred charges and other assets, net	2,023	—	2,023
Commodity contract assets at September 30, 2021		**$ 31,383**	**$ —**	**$ 31,383**
	Liability Derivatives at September 30, 2021			
Commodity contracts	Fair asset value of derivative instruments	$ (3,138)	$ —	$ (3,138)
Commodity contracts	Long-term derivative liabilities included in the deferred charges and other assets, net	(463)	—	(463)
Commodity contract liabilities at September 30, 2021		**$ (3,601)**	**$ —**	**$ (3,601)**
	Asset Derivatives at September 30, 2020			
Commodity contracts	Fair liability value of derivative instruments	$ 24,274	$ —	$ 24,274
Commodity contracts	Long-term derivative liabilities included in the deferred charges and other assets, net and other long-term liabilities, net balances	1,890	—	1,890
Commodity contract assets at September 30, 2020		**$ 26,164**	**$ —**	**$ 26,164**
	Liability Derivatives at September 30, 2020			
Commodity contracts	Fair liability value of derivative instruments	$ (35,711)	$ —	$ (35,711)
Commodity contracts	Long-term derivative liabilities included in the deferred charges and other assets, net and other long-term liabilities, net balances	(1,779)	—	(1,779)
Commodity contract liabilities at September 30, 2020		**$ (37,490)**	**$ —**	**$ (37,490)**

The Company's commodity derivative assets (liabilities) offset by counterparty and subject to an enforceable master netting arrangement are listed on the following table.

(In thousands)

Offsetting of Financial Assets (Liabilities) and Derivative Assets (Liabilities)	Gross Assets Recognized	Gross Liabilities Offset in the Statement of Financial Position	Net Assets (Liabilities) Presented in the Statement of Financial Position	Gross Amounts Not Offset in the Statement of Financial Position: Financial Instruments	Cash Collateral Received	Net Amount
Fair asset value of derivative instruments	$ 29,360	$ (3,138)	$ 26,222	$ —	$ —	$ 26,222
Long-term derivative assets included in deferred charges and other assets, net	2,023	(463)	1,560	—	—	1,560
Total at September 30, 2021	$ 31,383	$ (3,601)	$ 27,782	$ —	$ —	$ 27,782
Long-term derivative assets included in other long-term assets, net	$ 1,605	$ (1,478)	$ 127	$ —	$ —	$ 127
Fair liability value of derivative instruments	24,274	(35,711)	(11,437)	—	—	(11,437)
Long-term derivative liabilities included in other long-term liabilities, net	285	(301)	(16)	—	—	(16)
Total at September 30, 2020	$ 26,164	$ (37,490)	$ (11,326)	$ —	$ —	$ (11,326)

(In thousands)

The Effect of Derivative Instruments on the Statement of Operations

Derivatives Not Designated as Hedging Instruments Under FASB ASC 815-10	Location of (Gain) or Loss Recognized in Income on Derivative	Amount of (Gain) or Loss Recognized Years Ended September 30, 2021	2020	2019
Commodity contracts	Cost of product (a)	$ 2,395	$ 10,462	$ 9,266
Commodity contracts	Cost of installations and service (a)	$ (359)	$ 607	$ 836
Commodity contracts	Delivery and branch expenses (a)	$ 183	$ 1,634	$ 596
Commodity contracts	(Increase) / decrease in the fair value of derivative instruments (b)	$ (36,138)	$ 2,755	$ 25,113

(a) Represents realized closed positions and includes the cost of options as they expire.
(b) Represents the change in value of unrealized open positions and expired options.

8) Inventories

The Company's product inventories are stated at the lower of cost and net realizable value computed on the weighted average cost method. All other inventories, representing parts and equipment are stated at the lower of cost and net realizable value using the FIFO method. The components of inventory were as follows (in thousands):

	September 30, 2021	2020
Product	$ 37,890	$ 29,799
Parts and equipment	23,293	20,457
Total inventory	$ 61,183	$ 50,256

Product inventories were comprised of 19.0 million gallons and 26.9 million gallons on September 30, 2021 and September 30, 2020, respectively. The Company has market price based product supply contracts for approximately 215.7 million gallons of home heating oil and propane, and 43.2 million gallons of diesel and gasoline, which it expects to fully utilize to meet its requirements over the next twelve months.

During fiscal 2021, Motiva Enterprises LLC and Global Companies LLC provided approximately 12% each of our petroleum product purchases. During fiscal 2020, Shell Oil Company, Motiva Enterprises LLC and Global Companies LLC provided approximately 13%, 12% and 11% respectively, of our petroleum product purchases.

9) Property and Equipment

The components of property and equipment were as follows (in thousands):

	September 30, 2021	September 30, 2020
Land and land improvements	$ 22,590	$ 21,626
Buildings and leasehold improvements	42,344	39,726
Fleet and other equipment	75,365	71,002
Tanks and equipment	54,848	47,694
Furniture, fixtures and office equipment	43,183	40,172
Total	238,330	220,220
Less accumulated depreciation and amortization	139,207	126,725
Property and equipment, net	$ 99,123	$ 93,495

Depreciation and amortization expense related to property and equipment was $14.5 million, $15.0 million, and $13.5 million, for the fiscal years ended September 30, 2021, 2020 and 2019 respectively.

10) Business Combinations

During fiscal 2021, the Company acquired two propane and three heating oil dealers for approximately $42.5 million; $40.7 million in cash and $1.8 million of deferred liabilities. The gross purchase price was allocated $37.3 million to goodwill and intangible assets, $6.2 million to fixed assets and reduced by $1.0 million in working capital credits. The acquired companies' operating results are included in the Company's consolidated financial statements starting on their respective acquisition date, and are not material to the Company's financial condition, results of operations, or cash flows.

During fiscal 2020, the Company acquired two heating oil dealers for approximately $3.3 million; $3.0 million in cash and $0.3 million of deferred liabilities. The gross purchase price was allocated $3.2 million to goodwill and intangible assets, $0.6 million to fixed assets and reduced by $0.5 million in working capital credits. The acquired companies' operating results are included in the Company's consolidated financial statements starting on their respective acquisition date, and are not material to the Company's financial condition, results of operations, or cash flows. The Company also completed the purchase of fixed assets related to a fiscal 2019 acquisition of a heating oil dealer for an aggregate purchase price of approximately $1.2 million.

During fiscal 2019, the Company acquired one of its subcontractors, a liquid product dealer and the assets of a propane dealer for an aggregate purchase price of approximately $60.9 million. The following table summarizes the final fair values and purchase price allocations in aggregate of the assets acquired and liabilities assumed related to the fiscal 2019 acquisitions as of the respective acquisition dates.

(in thousands)	As of Acquisition Date
Receivables	$ 6,887
Inventories	2,105
Prepaid expenses and other current assets	89
Property and equipment, net	14,926
Intangibles	28,599
Accrued expenses and other current liabilities	(366)
Unearned service contract revenue	(2,800)
Customer credit balances	(3,399)
Other long-term liabilities	(1,275)
Total net identifiable assets acquired	$ 44,766
Total consideration	$ 60,904
Less: Total net identifiable assets acquired	44,766
Goodwill	$ 16,138

11) Goodwill and Other Intangible Assets

Goodwill

A summary of changes in the Company's goodwill during the fiscal years ended September 30, 2021 and 2020 are as follows (in thousands):

Balance as of September 30, 2019	$ 244,574
Fiscal year 2020 business combinations	184
Goodwill included within assets held for sale	(4,431)
Balance as of September 30, 2020	240,327
Fiscal year 2021 business combinations	13,071
Balance as of September 30, 2021	$ 253,398

Intangibles, net

Intangible assets subject to amortization consist of the following (in thousands):

	September 30,					
	2021			2020		
	Gross Carrying Amount	Accum. Amortization	Net	Gross Carrying Amount	Accum. Amortization	Net
Customer lists	$ 403,913	$ 329,406	$ 74,507	$ 382,942	$ 312,928	$ 70,014
Trade names and other intangibles	40,548	19,581	20,967	37,382	17,103	20,279
Total	$ 444,461	$ 348,987	$ 95,474	$ 420,324	$ 330,031	$ 90,293

Amortization expense for intangible assets was $19.0 million, $19.6 million, and $19.4 million, for the fiscal years ended September 30, 2021, 2020, and 2019, respectively. Total estimated annual amortization expense related to intangible assets subject to amortization, for the year ended September 30, 2021 and the four succeeding fiscal years ended September 30, is as follows (in thousands):

	Amount
2022	$ 17,763
2023	$ 16,165
2024	$ 13,853
2025	$ 11,561
2026	$ 8,541

12) Accrued Expenses and Other Current Liabilities

The components of accrued expenses and other current liabilities were as follows (in thousands):

	September 30, 2021	September 30, 2020
Accrued wages and benefits	$ 29,467	$ 37,359
Self-insurance liabilities	80,572	78,993
Other accrued expenses and other current liabilities	11,182	10,934
Total accrued expenses and other current liabilities	$ 121,221	$ 127,286

13) Long-Term Debt and Bank Facility Borrowings

The Company's debt is as follows (in thousands):	September 30, 2021 Carrying Amount	2021 Fair Value (a)	2020 Carrying Amount	2020 Fair Value (a)
Revolving Credit Facility Borrowings	$ 8,618	$ 8,618	$ —	$ —
Senior Secured Term Loan (b)	110,006	110,500	122,805	123,500
Total debt	$ 118,624	$ 119,118	$ 122,805	$ 123,500
Total short-term portion of debt	$ 26,239	$ 26,239	$ 13,000	$ 13,000
Total long-term portion of debt	$ 92,385	$ 92,879	$ 109,805	$ 110,500

(a) The face amount of the Company's variable rate long-term debt approximates fair value.

(b) Carrying amounts are net of unamortized debt issuance costs of $0.5 million as of September 30, 2021 and $0.7 million as of September 30, 2020.

On December 4, 2019, the Company refinanced its five-year term loan and the revolving credit facility with the execution of the fifth amended and restated revolving credit facility agreement (the "credit agreement") with a bank syndicate comprised of eleven participants, which enables the Company to borrow up to $300 million ($450 million during the heating season of December through April of each year) on a revolving credit facility for working capital purposes (subject to certain borrowing base limitations and coverage ratios), provides for a $130 million five-year senior secured term loan ("Term Loan"), allows for the issuance of up to $25 million in letters of credit, and has a maturity date of December 4, 2024.

The Company can increase the revolving credit facility size by $200 million without the consent of the bank group. However, the bank group is not obligated to fund the $200 million increase. If the bank group elects not to fund the increase, the Company can add additional lenders to the group, with the consent of the Agent, which shall not be unreasonably withheld. Obligations under the credit agreement are guaranteed by the Company and its subsidiaries and are secured by liens on substantially all of the Company's assets including accounts receivable, inventory, general intangibles, real property, fixtures and equipment.

All amounts outstanding under the credit agreement become due and payable on the facility termination date of December 4, 2024. The Term Loan is repayable in quarterly payments of $3.25 million, the first of which was made on April 1, 2020, plus an annual payment equal to 25% of the annual Excess Cash Flow as defined in the credit agreement (an amount not to exceed $12 million annually), less certain voluntary prepayments made during the year, with final payment at maturity. As of September 30, 2021 the Company expects to make approximately $4.6 million of additional term loan repayments due to Excess Cash Flow for the fiscal year ended September 30, 2021. The amount is included in the caption current maturities of long-term debt on our consolidated balance sheet. On November 5, 2020, the Company obtained a waiver from the bank group that waived the Excess Cash Flow payment for the fiscal year ended September 30, 2020.

The interest rate on the revolving credit facility and the term loan is based on a margin over LIBOR or a base rate. At September 30, 2021, the effective interest rate on the term loan and revolving credit facility borrowings was approximately 4.3% and 2.5%, respectively. At September 30, 2020, the effective interest rate on the term loan and revolving credit facility borrowings was approximately 5.2% and 4.0%, respectively.

The Commitment Fee on the unused portion of the revolving credit facility is 0.30% from December through April, and 0.20% from May through November.

The credit agreement requires the Company to meet certain financial covenants, including a fixed charge coverage ratio (as defined in the credit agreement) of not less than 1.1 as long as the Term Loan is outstanding or revolving credit facility availability is less than 12.5% of the facility size. In addition, as long as the Term Loan is outstanding, a senior secured leverage ratio cannot be more than 3.0 as calculated as of the quarters ending June or September, and no more than 4.5 as calculated as of the quarters ending December or March.

Certain restrictions are also imposed by the credit agreement, including restrictions on the Company's ability to incur additional indebtedness, to pay distributions to unitholders, to pay certain inter-company dividends or distributions, make investments, grant liens, sell assets, make acquisitions and engage in certain other activities.

At September 30, 2021, $110.5 million of the term loan was outstanding, $8.6 million was outstanding under the revolving credit facility, no hedge positions were secured under the credit agreement and $3.1 million of letters of credit were issued and outstanding. At September 30, 2020, $123.5 million of the term loan was outstanding, no amount was outstanding under the revolving credit facility, $11.1 million hedge positions were secured under the fourth amended and restated credit agreement and $3.5 million of letters of credit were issued and outstanding.

At September 30, 2021, availability was $171.5 million, the Company was in compliance with the fixed charge coverage ratio and the senior secured leverage ratio, and the restricted net assets totaled approximately $268.2 million. Restricted net assets are assets in the Company's subsidiaries, the distribution or transfer of which to Star Group, L.P. are subject to limitations under its credit agreement. At September 30, 2020, availability was $203.4 million, the Company was in compliance with the fixed charge coverage ratio and the senior secured leverage ratio, and the restricted net assets totaled approximately $245.8 million.

As of September 30, 2021, the maturities (including working capital borrowings and expected repayments due to Excess Cash Flow) during fiscal years ending September 30, considering the terms of our credit agreement, are set forth in the following table (in thousands):

2022	$	26,239
2023	$	13,000
2024	$	13,000
2025	$	66,879
2026	$	—
Thereafter	$	—

14) Employee Benefit Plans

Defined Contribution Plans

The Company has 401(k) and other defined contribution plans that cover eligible non-union and union employees, and makes employer contributions to these plans, subject to IRS limitations. The Company's 401(k) plan provides for each participant to contribute from 0% to 60% of compensation, subject to IRS limitations. The Company's aggregate contributions to the 401(k) plans during fiscal 2021, 2020, and 2019, were $8.2 million, $7.9 million, and $7.6 million, respectively. The Company's aggregate contribution to the other defined contribution plans for fiscal years 2021, 2020, and 2019, were $0.6 million, $0.6 million, and $0.6 million respectively.

Management Incentive Compensation Plan

The Company has a Management Incentive Compensation Plan ("the Plan"). The long-term compensation structure is intended to align the employee's performance with the long-term performance of our unitholders. Under the Plan, certain named employees who participate shall be entitled to receive a pro rata share of an amount in cash equal to:

- 50% of the distributions ("Incentive Distributions") of Available Cash in excess of the minimum quarterly distribution of $0.0675 per unit otherwise distributable to Kestrel Heat pursuant to the Company Agreement on account of its general partner units; and
- 50% of the cash proceeds (the "Gains Interest") which Kestrel Heat shall receive from the sale of its general partner units (as defined in the Partnership Agreement), less expenses and applicable taxes.

The pro rata share payable to each participant under the Plan is based on the number of participation points as described under "Fiscal 2021 Compensation Decisions—Management Incentive Compensation Plan." The amount paid in Incentive Distributions is governed by the Partnership Agreement and the calculation of Available Cash.

To fund the benefits under the Plan, Kestrel Heat has agreed to forego receipt of the amount of Incentive Distributions that are payable to plan participants. For accounting purposes, amounts payable to management under this Plan will be treated as compensation and will reduce net income. Kestrel Heat has also agreed to contribute to the Company, as a contribution to capital, an amount equal to the Gains Interest payable to participants in the Plan by the Company. The Company is not required to reimburse Kestrel Heat for amounts payable pursuant to the Plan.

The Plan is administered by the Company's Chief Financial Officer under the direction of the Board or by such other officer as the Board may from time to time direct. In general, no payments will be made under the Plan if the Company is not distributing cash under the Incentive Distributions described above.

In fiscal 2012, the Board of Directors adopted certain amendments (the "Plan Amendments") to the Plan. Under the Plan Amendments, the number and identity of the Plan participants and their participation interests in the Plan have been frozen at the current levels. In addition, under the Plan Amendments, the plan benefits (to the extent vested) may be transferred upon the death of a participant to his or her heirs. A participant's vested percentage of his or her plan benefits will be 100% during the time a participant is an employee or consultant of the Company. Following the termination of such positions, a participant's vested percentage is equal to 20% for each full or partial year of employment or consultation with the Company starting with the fiscal year ended September 30, 2012 (33 1/3% in the case of the Company's chief executive officer at that time).

The Company distributed to management and the general partner Incentive Distributions of approximately $1,833,000 during fiscal 2021, $1,654,000 during fiscal 2020, and $1,464,000 during fiscal 2019. Included in these amounts for fiscal 2021, 2020, and 2019, were distributions under the management incentive compensation plan of $917,000, $827,000, and $732,000, respectively, of which named executive officers received approximately $386,857 during fiscal 2021, $349,494 during fiscal 2020, and $397,430 during fiscal 2019. With regard to the Gains Interest, Kestrel Heat has not given any indication that it will sell its general partner units within the next twelve months. Thus the Plan's value attributable to the Gains Interest currently cannot be determined.

Multiemployer Pension Plans

At September 30, 2021, approximately 44% of our employees were covered by collective bargaining agreements and approximately 10% of our employees are in collective bargaining agreements that are up for renewal within the next fiscal year. We contribute to various multiemployer union administered pension plans under the terms of collective bargaining agreements that provide for such plans for covered union-represented employees. The risks of participating in these multiemployer plans are different from single-employer plans in that assets contributed are pooled and may be used to provide benefits to employees of other participating employers. If a participating employer stops contributing to the plan, the remaining participating employers may be required to bear the unfunded obligations of the plan. If we choose to stop participating in a multiemployer plan, we may be required to pay a withdrawal liability in part based on the underfunded status of the plan.

The following table outlines our participation and contributions to multiemployer pension plans for the periods ended September 30, 2021, 2020, and 2019. The EIN/Pension Plan Number column provides the Employer Identification Number ("EIN") and the three-digit plan number. The most recent Pension Protection Act Zone Status for 2021 and 2020 relates to the plans' two most recent fiscal year-ends, based on information received from the plans as reported on their Form 5500 Schedule MB. Among other factors, plans in the red zone are generally less than 65 percent funded and are designated as critical or critical and declining, plans in the yellow zone are less than 80 percent funded and are designated as endangered, and plans in the green zone are at least 80 percent funded. As of September 30, 2021 the New England Teamsters and Trucking Industry Pension Fund ("the NETTI Fund"), IAM National Pension, Teamsters Local 469 Pension and Local 445 Pension funds have been classified as carrying "red zone" status, meaning that the value of fund's assets are less than 65% of the actuarial value of the fund's benefit obligations or have made a voluntary election. The FIP/RP Status Pending/Implemented column indicates plans for which a financial improvement plan ("FIP") or a rehabilitation plan ("RP") is either pending or has been implemented. Certain plans have been aggregated in the All Other Multiemployer Pension Plans line of the following table, as our participation in each of these individual plans is not significant.

For the Westchester Teamsters Pension Fund, Local 553 Pension Fund and Local 463 Pension Fund, we provided more than 5 percent of the total plan contributions from all employers for 2021, 2020 and 2019, as disclosed in the respective plan's Form 5500. The collective bargaining agreements of these plans require contributions based on the hours worked and there are no minimum contributions required.

Pension Fund	EIN / Pension Plan Number	Pension Protection Act Zone Status 2021	Pension Protection Act Zone Status 2020	FIP / RP Status Pending / Implemented	Company Contributions (in thousands) 2021	Company Contributions (in thousands) 2020	Company Contributions (in thousands) 2019	Surcharge Imposed	Expiration Date of Collective-Bargaining Agreements
New England Teamsters and Trucking Industry Pension Fund	**04-6372430 / 001**	Red	Red	Yes / Implemented	$2,563	$2,659	$2,468	No	8/31/22 to 4/30/24
Westchester Teamsters Pension Fund	**13-6123973 / 001**	Green	Green	N/A	1,100	887	1,039	No	1/31/24 to 12/31/24
Local 553 Pension Fund	**13-6637826 / 001**	Green	Green	N/A	2,841	2,678	3,114	No	12/15/22 to 1/15/23
Local 463 Pension Fund	**11-1800729 / 001**	Green	Green	N/A	138	138	144	No	6/30/22 to 2/28/23
IAM National Pension Fund	**51-6031295 / 002**	Red	Red	Yes / Implemented	2,532	2,822	2,296	Yes	1/13/22 to 10/31/23
Teamsters Local 469 Pension Plan	**22-6172237 / 001**	Red	Red	Yes / Implemented	11	20	26	Yes	8/31/24
Local 445 Pension Fund	**13-1864489 / 001**	Red	Red	Yes / Implemented	7	5	4	Yes	10/31/24
All Other Multiemployer Pension Plans					411	448	507		
				Total Contributions	$9,603	$9,657	$9,598		

Agreement with the New England Teamsters and Trucking Industry Pension Fund

In fiscal 2015, the Teamsters ratified an agreement among certain subsidiaries of the Company and the NETTI Fund, a multiemployer pension plan in which such subsidiaries participate, providing for the Company's participating subsidiaries to withdraw from the NETTI Fund's original employer pool and enter the NETTI Fund's new employer pool. The NETTI Fund includes over two hundred of our current employees. The withdrawal from the original employer pool triggered an undiscounted withdrawal obligation of $48.0 million that is to be paid in equal monthly installments over 30 years, or $1.6 million per year.

Our status in the newly-established pool of the NETTI Fund is accounted for as participation in a new multiemployer pension plan, and therefore we recognize expense based on the contractually-required contribution for each period, and we recognize a liability for any contributions due and unpaid at the end of a reporting period.

As of September 30, 2021 we had $0.2 million and $16.5 million balances included in the captions accrued expenses and other current liabilities and other long-term liabilities, respectively, on our consolidated balance sheet representing the remaining balance of the NETTI Fund withdrawal liability. Based on the borrowing rates currently available to the Company for long-term financing of a similar maturity, the fair value of the NETTI Fund withdrawal liability as of September 30, 2021 was $25.8 million. We utilized Level 2 inputs in the fair value hierarchy of valuation techniques to determine the fair value of this liability.

Defined Benefit Plans

The Company has two frozen defined benefit pension plans ("the Plan"). The Company has no post-retirement benefit plans.

Effective September 30, 2021, the Company adopted the Society of Actuaries 2021 Mortality Tables Report and Improvement Scale, which updated the mortality assumptions that private defined benefit retirement plans in the United States use in the actuarial valuations that determine a plan sponsor’s pension obligations. The updated mortality data reflects higher mortality improvement than assumed in the Society of Actuaries 2020 Mortality Table Report and Improvement Scale, and affected plans generally expect the value of the actuarial obligations to increase, depending on the specific demographic characteristics of the plan participants and the types of benefits.

The following table provides the net periodic benefit cost for the period, a reconciliation of the changes in the Plan assets, projected benefit obligations, and the amounts recognized in other comprehensive income and accumulated other comprehensive income at the dates indicated using a measurement date of September 30 (in thousands):

Debit / (Credit)	Net Periodic Pension Cost in Income Statement	Cash	Fair Value of Pension Plan Assets	Projected Benefit Obligation	Other Comprehensive (Income) / Loss	Gross Pension Related Accumulated Other Comprehensive Income
Fiscal Year 2019						
Beginning balance			$ 61,924	$ (59,542)		$ 16,273
Interest cost	2,366			(2,366)		
Actual return on plan assets	(9,380)		9,380			
Employer contributions		—	—			
Benefit payments			(4,466)	4,466		
Investment and other expenses	(483)			483		
Difference between actual and expected return on plan assets	7,086				(7,086)	
Anticipated expenses	310			(310)		
Actuarial loss				(7,738)	7,738	
Amortization of unrecognized net actuarial loss	1,821				(1,821)	
Annual cost/change	$ 1,720	$ —	4,914	(5,465)	$ (1,169)	(1,169)
Ending balance			$ 66,838	$ (65,007)		$ 15,104
Funded status at the end of the year				$ 1,831		
Fiscal Year 2020						
Interest cost	1,875			(1,875)		
Actual return on plan assets	(6,538)		6,538			
Employer contributions		—	—			
Benefit payments			(4,288)	4,288		
Investment and other expenses	(539)			539		
Difference between actual and expected return on plan assets	4,268				(4,268)	
Anticipated expenses	334			(334)		
Actuarial loss				(3,009)	3,009	
Amortization of unrecognized net actuarial loss	1,617				(1,617)	
Annual cost/change	$ 1,017	$ —	2,250	(391)	$ (2,876)	(2,876)
Ending balance			$ 69,088	$ (65,398)		$ 12,228
Funded status at the end of the year				$ 3,690		
Fiscal Year 2021						
Interest cost	1,541			(1,541)		
Actual return on plan assets	(678)		678			
Employer contributions		—	—			
Benefit payments			(4,429)	4,429		
Investment and other expenses	(377)			377		
Difference between actual and expected return on plan assets	(1,386)				1,386	
Anticipated expenses	345			(345)		
Actuarial gain				1,184	(1,184)	
Amortization of unrecognized net actuarial loss	937				(937)	
Annual cost/change	$ 382	$ —	(3,751)	4,104	$ (735)	(735)
Ending balance			$ 65,337	$ (61,294)		$ 11,493
Funded status at the end of the year				$ 4,043		

At September 30, 2021 the amounts included on the balance sheet in deferred charges and other assets were $4.0 million, and at September 30, 2020 the amounts included on the balance sheet in deferred charges and other assets were $3.7 million.

For fiscal years ended September 30, 2021 and September 30, 2020, the actuarial gains and losses affecting the benefit obligations were not material.

The $11.5 million net actuarial loss balance at September 30, 2021 for the two frozen defined benefit pension plans in accumulated other comprehensive income will be recognized and amortized into net periodic pension costs as an actuarial loss in future years. The estimated amount that will be amortized from accumulated other comprehensive income into net periodic pension cost over the next fiscal year is $0.9 million.

	September 30,		
Weighted-Average Assumptions Used in the Measurement of the Company's Benefit Obligation	**2021**	**2020**	**2019**
Discount rate at year end date	2.65%	2.45%	3.00%
Expected return on plan assets for the year ended	3.66%	4.36%	4.67%
Rate of compensation increase	N/A	N/A	N/A

The expected return on plan assets is determined based on the expected long-term rate of return on plan assets and the market-related value of plan assets determined using fair value.

The Company's expected long-term rate of return on plan assets is updated at least annually, taking into consideration our asset allocation, historical returns on the types of assets held, and the current economic environment. For fiscal year 2022, the Company's assumption for return on plan assets will be 3.8% per annum.

The discount rate used to determine net periodic pension expense for fiscal year 2021, 2020, and 2019 was 2.65%, 2.45%, and 3.00%, respectively. The discount rate used by the Company in determining pension expense and pension obligations reflects the yield of high quality (AA or better rating by a recognized rating agency) corporate bonds whose cash flows are expected to match the timing and amounts of projected future benefit payments.

The Plan's objectives are to have the ability to pay benefit and expense obligations when due, to maintain the funded ratio of the Plan, to maximize return within reasonable and prudent levels of risk in order to minimize contributions and charges to the profit and loss statement, and to control costs of administering the Plan and managing the investments of the Plan. The target asset allocation of the Plan (currently 90% domestic fixed income, 7% domestic equities and 2% international equities and 1% cash and cash equivalents) is based on a long-term perspective, and as the Plan gets closer to being fully funded, the allocations have been adjusted to lower volatility from equity holdings.

The Company had no Level 2 or Level 3 pension plan assets during the two years ended September 30, 2021. The fair values and percentage of the Company's pension plan assets by asset category are as follows (in thousands):

	September 30,			
	2021		2020	
Asset Category	**Level 1**	**Concentration Percentage**	**Level 1**	**Concentration Percentage**
Corporate and U.S. government bond fund (1)	$ 59,068	90%	$ 62,602	90%
U.S. large-cap equity (1)	4,765	7%	5,006	7%
International equity (1)	1,165	2%	1,158	2%
Cash	339	1%	322	1%
Total	$ 65,337	100%	$ 69,088	100%

(1) Represent investments in Vanguard funds that seek to replicate the asset category description.

The Company is not obligated to make a minimum required contribution in fiscal year 2022, and currently does not expect to make an optional pension contribution.

Expected benefit payments over each of the next five years will total approximately $4.2 million per year. Expected benefit payments for the five years thereafter will aggregate approximately $17.7 million.

15) Income Taxes

The Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law on March 27, 2020. The CARES Act allows employers to defer the payment of the employer's portion of Social Security taxes for period beginning March 27, 2020 and ending December 31, 2020 to years 2021 and 2022. The company has elected to defer the payment of its portion of Social Security taxes through September 30, 2021 of $5.2 million and recorded a related deferred tax asset of $1.5 million at September 30, 2021.

On December 22, 2017, the Tax Cuts and Jobs Act (the "Tax Reform Act") was enacted into law. The Tax Reform Act allows for the full depreciation, in the year acquired, for certain fixed assets purchased between September 28, 2017 and December 31, 2022 (also known as 100% bonus depreciation).

Income tax expense is comprised of the following for the indicated periods (in thousands):

	Years Ended September 30,		
	2021	2020	2019
Current:			
Federal	$ 16,077	$ 17,083	$ 7,921
State	6,237	7,086	4,722
Deferred			
Federal	8,263	(2,643)	(3,168)
State	3,098	(901)	(1,958)
	$ 33,675	$ 20,625	$ 7,517

The provision for income taxes differs from income taxes computed at the Federal statutory rate as a result of the following (in thousands):

	Years Ended September 30,		
	2021	2020	2019
Income from continuing operations before taxes	$ 121,412	$ 76,543	$ 25,154
Provision for income taxes:			
Tax at Federal statutory rate	$ 25,496	$ 16,074	$ 5,282
State taxes net of federal benefit	7,927	5,224	1,626
Permanent differences	196	89	345
Change in valuation allowance	86	(113)	23
Other	(30)	(649)	241
	$ 33,675	$ 20,625	$ 7,517

The components of the net deferred taxes for the years ended September 30, 2021 and September 30, 2020 using current tax rates are as follows (in thousands):

	September 30, 2021	September 30, 2020
Deferred tax assets:		
Operating lease liabilities	$ 29,115	$ 29,997
Net operating loss carryforwards	5,590	5,620
Vacation accrual	2,923	2,931
Pension accrual	3,603	3,807
Allowance for bad debts	1,291	1,653
Insurance accrual	2,020	2,283
Inventory capitalization	631	641
Fair value of derivative instruments	—	3,556
Other, net	1,504	1,208
Total deferred tax assets	46,677	51,696
Valuation allowance	(3,976)	(3,890)
Net deferred tax assets	$ 42,701	$ 47,806
Deferred tax liabilities:		
Operating lease right-of-use assets	$ 27,774	$ 28,492
Property and equipment	14,374	14,305
Intangibles	19,591	19,091
Fair value of derivative instruments	6,864	—
Other, net	3,112	3,145
Total deferred tax liabilities	$ 71,715	$ 65,033
Net deferred taxes	$ (29,014)	$ (17,227)

In order to fully realize the net deferred tax assets, the Company's corporate subsidiaries will need to generate future taxable income. A valuation allowance is recognized if, based on the weight of available evidence including historical tax losses, it is more likely than not that some or all of deferred tax assets will not be realized. The net change in the total valuation allowance for the fiscal year ended September 30, 2021 was $0.1 million. The net change in the total valuation allowance for the fiscal year ended September 30, 2020 was $(0.1) million. Based upon a review of a number of factors and all available evidence, including recent historical operating performance, the expectation of sustainable earnings, and the confidence that sufficient positive taxable income will continue in all tax jurisdictions for the foreseeable future, management concludes for the year ended September 30, 2021, it is more likely than not that the Company will realize the full benefit of its deferred tax assets, net of existing valuation allowance related to State net operating loss carryforwards at September 30, 2021.

As of January 1, 2021, the Company had State tax effected net operating loss carry forwards ("NOLs") of approximately $1.8 million after consideration of valuation allowances. The State NOLs, which will expire between 2023 and 2037, are generally available to offset any future taxable income in certain states

At September 30, 2021, we did not have unrecognized income tax benefits.

We file U.S. Federal income tax returns and various state and local returns. A number of years may elapse before an uncertain tax position is audited and finally resolved. For our Federal income tax returns we have four tax years subject to examination. In our major state tax jurisdictions of New York, Connecticut, and Pennsylvania we have four years that are subject to examination. In the state tax jurisdiction of New Jersey we have five tax years that are subject to examination. While it is often difficult to predict the final outcome or the timing of resolution of any particular uncertain tax position, based on our assessment of many factors including past experience and interpretation of tax law, we believe that our provision for income taxes reflect the most probable outcome. This assessment relies on estimates and assumptions and may involve a series of complex judgments about future events.

16) Leases

The Company has entered into certain operating leases for office space, vehicles and other equipment with lease terms between one to fifteen years, expiring between 2021 and 2033. Some of the Company's real estate property lease agreements have options to extend the leases for up to ten years.

A summary of total lease costs and other information for the twelve months ended September 30, 2021 and September 30, 2020 is as follows:

(in thousands)	September 30, 2021	September 30, 2020
Lease cost:		
Operating lease cost	$ 25,185	$ 25,396
Short-term lease cost	826	775
Variable lease cost	5,867	5,255
Total lease cost	$ 31,878	$ 31,426
Other information:		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$ 24,894	$ 24,943
Right-of-use assets obtained in exchange for new operating lease liabilities	$ 15,894	$ 20,487

As of September 30, 2021, our operating leases had a weighted average remaining lease term of 6.6 years and a weighted average discount rate of 4.8%. Maturities of noncancelable operating lease liabilities as of September 30, 2021 are as follows:

(in thousands)	September 30, 2021
2022	$ 21,920
2023	19,801
2024	17,892
2025	15,970
2026	12,771
Thereafter	31,221
Total undiscounted lease payments	119,575
Less imputed interest	(19,110)
Total lease liabilities	$ 100,465

17) Supplemental Disclosure of Cash Flow Information

	Years Ended September 30,		
(in thousands)	2021	2020	2019
Cash paid during the period for:			
Income taxes, net	$ 21,936	$ 25,292	$ 5,133
Interest	$ 8,928	$ 11,722	$ 12,601

18) Commitments and Contingencies

The Company's operations are subject to the operating hazards and risks normally incidental to handling, storing and transporting and otherwise providing for use by consumers hazardous liquids such as home heating oil and propane. In the ordinary course of business, the Company is a defendant in various legal proceedings and litigation. The Company records a liability when it is probable that a loss has been incurred and the amount is reasonably estimable. We do not believe these matters, when considered individually or in the aggregate, could reasonably be expected to have a material adverse effect on the Company's results of operations, financial position or liquidity.

The Company maintains insurance policies with insurers in amounts and with coverages and deductibles we believe are reasonable and prudent. However, the Company cannot assure that this insurance will be adequate to protect it from all material expenses related to current and potential future claims, legal proceedings and litigation, as certain types of claims may be excluded from our insurance coverage. If we incur substantial liability and the damages are not covered by insurance, or are in excess of policy limits, or if we incur liability at a time when we are not able to obtain liability insurance, then our business, results of operations and financial condition could be materially adversely affected.

19) Earnings per Limited Partner Units

The following table presents the net income allocation and per unit data:

Basic and Diluted Earnings Per Limited Partner: (in thousands, except per unit data)	Years Ended September 30, 2021	2020	2019
Net income	$ 87,737	$ 55,918	$ 17,637
Less General Partners' interest in net income	689	377	95
Net income available to limited partners	87,048	55,541	17,542
Less dilutive impact of theoretical distribution of earnings *	13,163	6,812	—
Limited Partner's interest in net income	$ 73,885	$ 48,729	$ 17,542
Per unit data:			
Basic and diluted net income available to limited partners	$ 2.15	$ 1.22	$ 0.35
Less dilutive impact of theoretical distribution of earnings *	0.33	0.15	—
Limited Partner's interest in net income under	$ 1.82	$ 1.07	$ 0.35
Weighted average number of Limited Partner units outstanding	40,553	45,656	50,814

* In any accounting period where the Company's aggregate net income exceeds its aggregate distribution for such period, the Company is required to present net income per limited partner unit as if all of the earnings for the period were distributed, based on the terms of the Partnership agreement, regardless of whether those earnings would actually be distributed during a particular period from an economic or practical perspective. This allocation does not impact the Company's overall net income or other financial results.

20) Selected Quarterly Financial Data (unaudited)

(in thousands - except per unit data)	Three Months Ended Dec. 31, 2020	Mar. 31, 2021	Jun. 30, 2021	Sep. 30, 2021	Total
Sales	$ 373,320	$ 604,115	$ 283,100	$ 236,551	$ 1,497,086
Gross profit for product, installation and service	131,870	226,202	70,091	49,491	477,654
Operating income (loss)	54,786	119,695	(13,764)	(30,517)	130,200
Income (loss) before income taxes	52,688	117,316	(15,963)	(32,629)	121,412
Net income (loss)	37,860	85,164	(12,054)	(23,233)	87,737
Limited Partner interest in net income (loss)	37,564	84,483	(11,956)	(23,043)	87,048
Net income (loss) per Limited Partner unit:					
Basic and diluted (a)	$ 0.74	$ 1.71	$ (0.30)	$ (0.58)	$ 1.82

(in thousands - except per unit data)	Three Months Ended Dec. 31, 2019	Mar. 31, 2020	Jun. 30, 2020	Sep. 30, 2020	Total
Sales	$ 508,945	$ 543,063	$ 232,155	$ 183,295	$ 1,467,458
Gross profit for product, installation and service	147,603	196,440	84,159	46,818	475,020
Operating income (loss)	42,451	86,117	498	(36,098)	92,968
Income (loss) before income taxes	39,537	83,108	(2,051)	(44,051)	76,543
Net income (loss)	27,755	58,408	(46)	(30,199)	55,918
Limited Partner interest in net income (loss)	27,563	57,999	(45)	(29,976)	55,541
Net income (loss) per Limited Partner unit:					
Basic and diluted (a)	$ 0.49	$ 1.03	$ —	$ (0.68)	$ 1.07

(a) The sum of the quarters do not add-up to the total due to the weighting of Limited Partner Units outstanding, rounding or the theoretical effects of FASB ASC 260-10-45-60 to Master Limited Partners earnings per unit.

21) Subsequent Events

Quarterly Distribution Declared

In October 2021, we declared a quarterly distribution of $0.1425 per unit, or $0.57 per unit on an annualized basis, on all Common Units with respect to the fourth quarter of fiscal 2021, paid on November 9, 2021, to holders of record on November 1, 2021. The amount of distributions in excess of the minimum quarterly distribution of $0.0675, were distributed in accordance with our Partnership Agreement, subject to management incentive compensation plan. As a result, $5.5 million was paid to the Common Unit holders, $0.3 million to the General Partner unit holders (including $0.2 million of incentive distribution as provided in our Partnership Agreement) and $0.2 million to management pursuant to the management incentive compensation plan which provides for certain members of management to receive incentive distributions that would otherwise be payable to the General Partner.

Common Units Repurchased and Retired

In October and November 2021, in accordance with the Repurchase Plan, the Company repurchased and retired 0.4 million Common Units at an average price paid of $10.79 per unit.

Acquisition

Subsequent to September 30, 2021, the Company purchased the customer list and assets of three heating oil dealers for an aggregate amount of approximately $3.3 million. The purchase price was allocated $2.9 million to goodwill and intangible assets, $1.2 million to fixed assets and reduced by $0.8 million for working capital credits.

STAR GROUP, L.P. (PARENT COMPANY)

CONDENSED FINANCIAL INFORMATION OF REGISTRANT

(in thousands)	September 30, 2021	September 30, 2020
Balance Sheets		
ASSETS		
Current assets		
Cash and cash equivalents	$ 45	$ 45
Prepaid expenses and other current assets	353	313
Total current assets	398	358
Investment in subsidiaries (a)	277,817	255,465
Total Assets	$ 278,215	$ 255,823
LIABILITIES AND PARTNERS' CAPITAL		
Current liabilities		
Accrued expenses	$ 11	$ 3
Total current liabilities	11	3
Partners' capital	278,204	255,820
Total Liabilities and Partners' Capital	$ 278,215	$ 255,823

(a) Investments in Star Acquisitions, Inc. and subsidiaries are recorded in accordance with the equity method of accounting.

STAR GROUP, L.P. (PARENT COMPANY)

CONDENSED FINANCIAL INFORMATION OF REGISTRANT

(in thousands)	Years Ended September 30, 2021	2020	2019
Statements of Operations			
Revenues	$ —	$ —	$ —
General and administrative expenses	1,602	1,327	1,377
Operating loss	(1,602)	(1,327)	(1,377)
Net loss before equity income	(1,602)	(1,327)	(1,377)
Equity income of Star Acquisitions Inc. and subs	89,339	57,245	19,014
Net income	$ 87,737	$ 55,918	$ 17,637

STAR GROUP, L.P. (PARENT COMPANY)

CONDENSED FINANCIAL INFORMATION OF REGISTRANT

(in thousands)	Years Ended September 30, 2021	2020	2019
Statements of Cash Flows			
Cash flows provided by operating activities:			
Net cash provided by operating activities (a)	$ 66,272	$ 62,877	$ 76,942
Cash flows provided by investing activities:			
Net cash provided by investing activities	—	—	—
Cash flows used in financing activities:			
Distributions	(23,448)	(24,451)	(25,593)
Unit repurchase	(42,824)	(38,431)	(51,353)
Net cash used in financing activities	(66,272)	(62,882)	(76,946)
Net decrease in cash	—	(5)	(4)
Cash and cash equivalents at beginning of period	45	50	54
Cash and cash equivalents at end of period	$ 45	$ 45	$ 50
(a) Includes distributions from subsidiaries	$ 66,272	$ 62,877	$ 76,942

Schedule II

VALUATION AND QUALIFYING ACCOUNTS
Years Ended September 30, 2021, 2020, 2019
(in thousands)

Year	Description	Balance at Beginning of Year	Charged to Costs & Expenses	Other Changes Add (Deduct)	Balance at End of Year
2021	Allowance for doubtful accounts	$ 6,121	$ (248)	$ (1,094) (a)	$ 4,779
2020	Allowance for doubtful accounts	$ 8,378	$ 3,441	$ (5,698) (a)	$ 6,121
2019	Allowance for doubtful accounts	$ 8,002	$ 9,541	$ (9,165) (a)	$ 8,378

(a) Bad debts written off (net of recoveries).

Exhibit 21

Company Subsidiaries

A.P. Woodson Company—District of Columbia

CFS LLC—Pennsylvania

Champion Energy LLC—Delaware

Columbia Petroleum Transportation, LLC—Delaware

Griffith Energy Services, Inc.—New York

Griffith – Allied Trucking, LLC—Delaware

Hoffman Fuel Company of Danbury—Delaware

Meenan Holdings LLC—Delaware

Meenan Oil LLC—Delaware

Meenan Oil Co., L.P.—Delaware

Milro Group LLC—Delaware

Minnwhale LLC—New York

Ortep of Pennsylvania, Inc.—Pennsylvania

Petro Holdings, Inc.—Minnesota

Petro Plumbing Corporation—New Jersey

Petro, Inc.—Delaware

Petroleum Heat and Power Co., Inc.—Minnesota

Region Oil Plumbing, Heating and Cooling Co., Inc.—New Jersey

Richland Partners, LLC—Pennsylvania

Rye Fuel Company—Delaware

Star Acquisitions, Inc.—Minnesota

Woodbury Insurance Co., Inc.—Connecticut

Exhibit 31.1

CERTIFICATIONS

I, Jeffrey M. Woosnam, certify that:

1. I have reviewed this annual report on Form 10-K of Star Group, L.P. (“Registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal controls over financial reporting, or caused such internal controls over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting.

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information and;

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: December 8, 2021

/s/ JEFFREY M. WOOSNAM

Jeffrey M. Woosnam
President and Chief Executive Officer
Star Group, L.P.

Exhibit 31.2

CERTIFICATIONS

I, Richard F. Ambury, certify that:

1. I have reviewed this annual report on Form 10-K of Star Group, L.P. ("Registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrants' other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal controls over financial reporting, or caused such internal controls over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (c) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information and;

   (d) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 8, 2021

/S/ RICHARD F. AMBURY

Richard F. Ambury
Chief Financial Officer
Star Group, L.P.

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Star Group, L.P. (the "Company") on Form 10-K for the year ended September 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jeffrey M. Woosnam, President and Chief Executive Officer of the Company, certify to my knowledge pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, following due inquiry, I believe that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to Star Group, L.P. and will be retained by Star Group, L.P. and furnished to the Securities and Exchange Commission or its staff upon request.

STAR GROUP, L.P.
By: KESTREL HEAT, LLC (General Partner)

Date: December 8, 2021

By: /s/ JEFFREY M. WOOSNAM

Jeffrey M. Woosnam
President and Chief Executive Officer
Star Group, L.P.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Star Group, L.P. (the “Company”) on Form 10-K for the year ended September 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Richard F. Ambury, Chief Financial Officer of the Company, certify to my knowledge pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, following due inquiry, I believe that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to Star Group, L.P. and will be retained by Star Group, L.P. and furnished to the Securities and Exchange Commission or its staff upon request.

STAR GROUP, L.P.
By: KESTREL HEAT, LLC (General Partner)

Date: December 8, 2021

By: /S/ RICHARD F. AMBURY
Richard F. Ambury
Chief Financial Officer
Star Group, L.P.