

Legislative History for Connecticut Act

**PA 14-51**

SB299

House	4163-4179	17
Senate	940-945, 989-990	8
<u>General Law</u>	<u>837-844, 998-1053, (1054)</u>	<u>65</u>
		<b>90</b>

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In concurrence, Senate Bill 313.

Total number voting	138
Necessary for passage	70
Those voting Yea	138
Those voting Nay	0
Those absent and not voting	13

SPEAKER SHARKEY:

The bill passes in concurrence with the Senate,

Will the Clerk please call Calendar 443.

THE CLERK:

On page 26, Calendar 443, favorable report of the joint standing committee on General Law, Substitute Senate Bill 299, AN ACT CONCERNING HEATING FUEL DELIVERY FEES, CHARGES AND SURCHARGES AND PREPAID GUARANTEED HEATING FUEL PRICE PLANS.

SPEAKER SHARKEY:

Representative Altobello.

REP. ALTOBELLO (82nd):

Thank you, Mr. Speaker. Mr. Speaker, I move for acceptance of the joint committee's favorable report and passage of the bill in concurrence with the Senate.

SPEAKER SHARKEY:

The question is on acceptance of the joint committee's favorable report and passage of the bill in concurrence with the Senate.

Will you remark, sir?

REP. ALTOBELLO (82nd):

I will, thank you, Mr. Speaker. Mr. Speaker, this bill is in response to a couple of unfortunate situations that we've had around the state. There's been about six in the last 12 years where fuel, home heating fuel dealers have failed to honor their contracts with our constituents and consumers and we feel that this will be of much benefit for our consumers, providing protections to them.

Mr. Speaker, the Clerk has an amendment. I believe it's LCO 3832. I would ask that he call and I be allowed to summarize.

SPEAKER SHARKEY:

Will the Clerk please call LCO 3832, which has been previously designated Senate Amendment "A".

THE CLERK:

Senate Amendment "A", LCO 3832 introduced by Senator Doyle, et al.

SPEAKER SHARKEY:

The gentleman has sought leave of the Chamber to summarize. Is there objection? Is there objection? Seeing none, you may proceed with summarization, sir.

REP. ALTOBELLO (82nd):

Thank you, Mr. Speaker. Mr. Speaker, this amendment, Senate "A" is a strike all, although it bears, it's the very same as the file copy. There are only two minor differences and I'll go over them shortly.

The bill in general with the strike-all Senate "A" will become, prohibits fuel oil dealers from offering prepaid contracts in a blackout period.

Several other provisions, it requires more disclosure regarding contracts. It allows and requires the Department of Revenue Services to report fuel oil dealers that, and propane dealers that are delinquent in taxes to the Department of Consumer Protection so they might, so we might in the future avert some of the problems we had in the past.

The changes in Senate "A" include some clarification on credit card disclosures and also a new definition on prepaid plans. I move adoption.

SPEAKER SHARKEY:

The question before the Chamber is adoption of  
Senate Amendment "A".

Will you remark?

Representative Carter.

REP. CARTER (2nd):

Thank you very much, Mr. Speaker. I have a few  
questions, through you to the proponent of the  
amendment, please.

SPEAKER SHARKEY:

Please proceed, sir.

REP. CARTER (2nd):

Thank you. You know, it's my understanding that  
the bill in its, the original bill that we are now  
amending was going to actually make a fund where  
people, each dealer had to pay into that fund at a  
pretty substantial amount and it was going to be quite  
a hefty amount indeed, over time.

And I remember having conversations with some of  
the people negotiating that and they said that it was  
going to be, you know, maybe a gallon price as to what  
it was going to cost them.

I was wondering if the proponent of the amendment  
could let me know what that price would have been per  
gallon? Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Altobello.

REP. ALTOBELLO (82nd):

Thank you, Mr. Speaker. Indeed, initially there was a proposal to establish a guarantee fund for this type of activity. We have seven or eight others within the state statutes that are administered by various agencies and it was hoped that for a de minimus amount per gallon that a guarantee fund could be established to help protect our constituents and consumers.

Unfortunately, that wasn't the case. The price per gallon started to rise up to five cents across the board, and for those that just buy prepaid approaching ten cents and we felt that was a little too expensive to go forward with.

We're looking at these administrative procedures, which we hope will protect our constituents, hopefully in the same way that the guarantee fund would have.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Carter.

REP. CARTER (2nd):

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Thank you very much, and Mr. Speaker, through you, what now by establishing this blackout period, what does it actually do to protect our consumers?

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Altobello.

REP. ALTOBELLO (82nd):

Thank you, Mr. Speaker. The establishment of the blackout period has to do with a practice that we found in the last couple of failures was companies prepaying, or pre-selling at a very low price in order to fund some cash flow for them in the season before.

So in other words he's got a blackout period in the current heating season where you can't sell into the next season. We found that people who were already in trouble pre-selling for next year at a reduced price and it just further complicated matters and made the catastrophic failure larger, actually.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Carter.

REP. CARTER (2nd):

Thank you very much, Mr. Speaker, and I thank the good gentleman for his answers.

I also thank the good gentleman for the time and effort put in on this bill because you know, in my Session this year, this amendment represents everything that we do well.

You know, in the beginning when they were looking at this as a huge problem for our consumers, these oil dealers going out of business, you know, we needed to find some way to step in and be able to identify which companies were having a problem and then protect our constituents.

As this thing evolved into something where it was going to cost a lot more money, this amendment was born and this amendment represents a negotiation between you know, the parties up here, the Legislature, the fuel oil dealers, and I think it really does go to finding exactly where those problems will be, addressing them before they're something that affects our constituents, and I think it does it in such a way that is going to help those dealers because it's not going to cost ten cents a gallon to administer this.

So like I said, I think this amendment is great. I think once this becomes the underlying bill, this is

exactly the kind of thing we should be doing in this  
Legislature. I urge your support.

Thank you, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, sir.

Would you care to remark further on Senate  
Amendment "A"?

Representative Miner.

REP. MINER: (66th):

Thank you, Mr. Speaker. Following the rule of  
you never start reading from the front, you start in  
the back, if I could, a question through you to the  
proponent of the amendment.

SPEAKER SHARKEY:

Please proceed, sir.

REP. MINER (66th):

Thank you, Mr. Speaker. Under Section 8 it  
appears that there's some new language here that would  
require the Commissioner of Revenue Services notify  
the Department of Consumer Protection of any  
outstanding delinquencies owed to the State of  
Connecticut. If the good gentleman could tell us,  
what was the reasoning behind that? Through you.

SPEAKER SHARKEY:

Representative Altobello.

REP. ALTOBELLO (82nd):

Thank you, Mr. Speaker. Through you, in order to alert the Department of Consumer Protection of a failing business and hopefully the Department of Consumer Protection could take some action to prevent that failing business to go forward and pre-sell heating oil and propane contracts into the next heating season. Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker. And so as I read through the rest of that tiny section, I don't see any administrative action there. So through you, Mr. Speaker, is it, if administrative action is contemplated, wouldn't that need to be spelled out in this bill? Through you.

SPEAKER SHARKEY:

Representative Altobello.

REP. ALTOBELLO (82nd):

Through you, Mr. Speaker, if you could point to the exact line in Senate "A", I'd be happy to respond.

Through you, Mr. Speaker.

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SPEAKER SHARKEY:

Representative Miner.

REP. MINER (66th):

Certainly, Mr. Speaker. Between lines 294 and 298, which would be Section 8, the amendment calls for that notification and if I understood the good gentleman correctly, it was an effort to try and put people on notice that there may be a failing oil supplier so that they could take some action with regard to the sale of contracts that I presume that he referred to earlier, wouldn't that have to be part of this amendment? Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Altobello.

REP. ALTOBELLO (82nd):

Thank you. Through you, Mr. Speaker, the Department of Revenue Services shall notify the Department of Consumer Protection. The Department of Consumer Protection has cognizance over the dealers and as such they would be able to take some administrative action to prevent a catastrophe going forward if indeed they had this information.

Through you, Mr. Speaker.

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Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker, and that's what I'm trying to understand. So, is that current administrative action available for this purpose as the gentleman understands it?

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Altobello.

REP. ALTOBELLO (82nd):

Thank you, Mr. Speaker. I had the conversation with the Commissioner of the Department of Revenue Services and also representatives from the Department of Consumer Protection. It is already in statute that this may occur. We're asking that does occur.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker, and I thank the gentleman for his answers.

SPEAKER SHARKEY:

Than you, sir.

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Would you care to remark? Would you care to remark further on Senate Amendment "A"?

If not, let me try your minds. All those in favor of Senate Amendment "A", please signify by saying aye.

REPRESENTATIVES:

Aye.

SPEAKER SHARKEY:

Those opposed, nay. The ayes have it. The amendment is adopted.

Would you care to remark further on the bill as amended? Would you care to remark further on the bill as amended?

Representative Fritz.

REP. FRITZ (90th):

Thank you, Mr. Speaker. I thought, for the edification of the Chamber, it would be important for everybody to know the multiple towns and cities that were involved with this bill and also the number of Representatives who were involved.

It affected people who bought oil from this company in Meriden in the Towns of Durham, Middlefield, Middletown, Meriden and Wallingford. The people lost thousands of dollars on these contracts

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that you paid up front, and unfortunately most of them were older, and as a result they felt that nobody was minding the store, which in fact was true.

This oil company shut its doors one day and that was it. They couldn't even go after the trucks or anything else because those, too, were all being held by somebody else or they weren't being paid and they needed to be taken.

There was nothing left of value that the state could go back against this company to help these people.

This bill is a preventive bill, to hope, in our hope, that down the road this will never happen again to the people of Connecticut. Thank you, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, madam.

Would you care to remark further on the bill as amended?

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker, if I may, just a question to the proponent of the bill.

SPEAKER SHARKEY:

Please proceed, sir.

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REP. CANDELORA (86th):

Thank you, Mr. Speaker. Just to follow up on Representative Miner's questioning. In Section 8, there is language here that's requiring DRS to report these, anybody with a tax delinquency who is a heating fuel dealer and I think the intent of this, as I understand it is, we have supported legislation, I think it's current law, that if companies are delinquent in their taxes that the State of Connecticut has the ability to withhold licenses.

So is that the purpose of Section 8 is to allow for DCP to be able to receive the information so they'll know when these companies are getting into financial trouble, and so one of the remedies could be that we would withhold their license if they renewed?

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Altobello.

REP. ALTOBELLO (82nd):

Through you, Mr. Speaker, yes, exactly correct.

SPEAKER SHARKEY:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. I appreciate that answer. I know we debated that issue, and I think at what point in time should somebody be able to operate in the State of Connecticut if they're falling behind on their taxes, and I think there's no threshold dollar amount that's here.

I believe it's sort of discretionary under the Commission and so there could be situations where somebody could be severely delinquent where we need to sort of pull the plug to protect the consumers, but if there's a hundred delinquency for instance that they may say, okay, you know, we'll give you some time to keep your business in operation.

So I think it's a good balance, especially as Representative Fritz pointed out, so many communities in our region that we represent really got hurt by this particular dealer going under, so if there's a way that we could prevent this from happening, I think it's an appropriate balance. Thank you, Mr. Speaker.

**SPEAKER SHARKEY:**

Thank you, sir.

Would you care to remark? Would you care to remark further on the bill as amended?

If not, staff and guests to the well of the House. Members take your seats. The machine will be opened.

THE CLERK:

The House of Representatives is voting by roll.

Members to the chamber, please. The House of Representatives is voting by roll. Members to the chamber, please.

(Deputy Speaker Ritter in the Chair.)

DEPUTY SPEAKER RITTER:

Have all the members voted? Have all the members voted? Will the members please check the board to determine if their vote has been properly cast.

If all members have voted, the machine will be locked. The Clerk will take a tally. The Clerk will please announce the tally.

THE CLERK:

Senate Bill 299 as amended by Senate "A" in concurrence with the Senate.

Total number voting	137
Necessary for passage	69
Those voting Yea	137

Those voting Nay 0

Those absent and not voting 14

DEPUTY SPEAKER RITTER:

The bill as amended passes in concurrence with  
the Senate.

Are there any announcements or introductions?

Representative Kokoruda of the 101st.

REP. KOKORUDA (101st):

Good afternoon, Madam Speaker.

DEPUTY SPEAKER RITTER:

Good afternoon, Representative.

REP. KOKORUDA (101st):

I rise for a point of introduction. The purpose  
of introduction.

DEPUTY SPEAKER RITTER:

Please proceed.

REP. KOKORUDA (101st):

Thank you, Mr. Speaker. Today I would like to  
introduce, I think most of us know it's Town Clerk Day  
here in Hartford and we know how important our town  
clerks are to our municipalities and just helping us  
to know what's going on in our town.

And I'd like to be, I'm proud to introduce  
Madison's Town Clerk, Nancy Martucci. She's been

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**CONNECTICUT  
GENERAL ASSEMBLY  
SENATE**

**PROCEEDINGS  
2014**

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THE CLERK:

On page 10, Calendar 228, Substitute for Senate Bill Number 299, AN ACT CONCERNING HEATING FUEL DELIVERY FEES, CHARGES, AND SURCHARGES AND PREPAID GUARANTEED HEATING FUEL PRICE PLANS, favorable report of the Committee on General Law. There are amendments.

THE CHAIR:

Senator Doyle.

SENATOR DOYLE:

Yes, thank you, Madam President.

I move acceptance of the Joint Committee's favorable report and passage of the bill.

THE CHAIR:

The motion is acceptance and passage. Will you remark, sir?

SENATOR DOYLE:

Yes, thank you, Madam President.

Again I have an amendment, LCO 3832, may the Clerk please call and I be allowed to summarize.

THE CHAIR:

Mr. Clerk.

THE CLERK:

LCO Number 3832, Senate "A" offered by Senator Doyle, et al.

THE CHAIR:

Senator Doyle.

SENATOR DOYLE:

Yes, thank you, Madam President.

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I first move adoption of the amendment.

THE CHAIR:

The motion is on adoption. Will you remark, sir?

SENATOR DOYLE:

Yes, thank you, Madam President.

Again this -- this amendment before us is a strike-everything amendment. And the origin of this bill, we had a long public hearing at the University of Hartford back in the winter, off-site public hearing, and the origin is through the years there's been many fuel dealers that unfortunately have taken advantage and ripped off some consumers. The latest example was the fine City of Meriden and the Meriden delegation actively worked very hard on this piece of legislation as well as the DCP commissioner introduced some legislation on it. And as a result we kind of -- the Committee worked hard over the past several months to try to craft the compromise before us that we think really addresses the problem. There was some prior solutions offered that really would have hurt the consumer in the sense of eliminating the opportunities for the consumer for their choices to how they purchase fuel.

What this bill really does it really seeks to prevent financially distressed fuel dealers from taking advantage of the customers. And what happened was there are certain -- there are all sorts of mechanisms for consumers to purchase their plans. And there's a budget plan where people, you know, pay on a monthly basis, we're aware of that. We had to clarify the definition of that because sometimes you pay in advance for a budget plan, but it's not the -- the concern at issue is a prepaid guaranteed price plan where upfront the consumer pays 100 percent of the -- of the price for the season to get a lower -- a lower gallon per price -- gallon per price. Now the problem is when you put that kind of money up front and the oil dealer goes out of business, the consumer is left high and dry. And that's -- that's the most recent

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examples in Meriden and it's happened many times in the past.

So what this piece of legislation does, the primary focus of the legislation is to -- and this has worked with the -- the industry agreed to it, from November 1st through March 31st of each year these prepaid plans cannot be sold by any dealers. And it's really come to the -- the notice of the Committee that a lot of these situations when these businesses become distressed, it's in like early January or so when they're looking for cash to survive. If you're still marketing these and collecting them, you can -- the consumers will be ripped off and harmed. So basically the main point of this is we are basically prohibiting the sale of these plans at the last minute in the middle of the season.

So -- and it's important that the ban is not -- the Committee considered banning these all right, I mean year around, an outright ban. But we think, of course, it's important for our consumers to have a choice. Some of our consumers like these prepaid plans because they get a lot lower rate. We therefore did not want to take that option away from our -- our constituents. And the budget programs will continue. The difference with the budget programs, again they're paid on basically spread out over maybe 12 months or 10 months out of the year and people rather than having to pay the big hit in the cold months, they pay the budget plan. And those, of course, are made distinct in here because they're not the lump sum payment. Basically, we're just looking to protect the consumers to make sure that financially strapped fuel dealers cannot take advantage of our constituents. And I urge the Committee -- I mean the Senate to approve the amendment before us.

Thank you, Madam President.

THE CHAIR:

Thank you. Will you remark?

Senator Witkos.

SENATOR WITKOS:

Thank you, Madam President.

I also rise to support the amendment. You know, as our winters we find can be very harsh on us as so can the price of oil on our pocketbooks. And this winter was especially cold, and I know through a lot of my friends and it actually happened to me once, I ran out of oil. I mean imagine if you had already prepaid to your fuel oil delivery company hundreds if not thousands of dollars only to find that the next day that there's a closed sign on their door and you're out that money. The original bill that was before us drew a lot of ire from fuel companies.

And we held a public hearing on the great campus of the University of Hartford, and they came out in droves. And they said we can fix it, we will police ourselves, we will give you some language that will make sure that consumers are protected from these bad dealers. Because unfortunately there are bad people everywhere and they take advantage of the situations, and that's what happened in the great City of Meriden. And so with the protections in this bill it still gives the options for the consumers to -- to prepay through different plans that are available to them during the specific months of the year.

And it also clarifies one, what I would say is a questionable practice on minimum gallons of delivery. And the original language in law now, it says the heating fuel delivery is not more than 100 gallons. Well, people would say what's the minimum delivery, they say 100 gallons an oil company might tell them. So they're getting charged an additional delivery fee because they didn't get more than 100. So this clarifies that up, it says the heating fuel delivery is less than 100 gallons of home heating oil so people know specifically what it is that they're getting themselves into if they order -- they're going to get an additional charge if they order less than 100 gallons because most people order 100, 125, 150, or fill me up. So I would urge the Chamber's adoption of the amendment. I think this adds some protection to homeowners who have done their due diligence and try to budget their money to make sure that they -- they

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have a safe, warm home during the winter. And I urge the Chamber's adoption. Thank you.

THE CHAIR:

Thank you. Will you remark? Will you remark?

If not, I'll try your minds on the amendment.

All those in favor, please say aye.

SENATORS: Aye.

THE CHAIR:

Opposed?

The amendment, Senate "A" passes. Will you remark?

Senator Bartolomeo.

SENATOR BARTOLOMEO:

Thank you, Madam President.

Madam President, I just wanted to say that I thank and appreciate the efforts of the General Law Committee and specifically Senator Doyle. As he mentioned there was a closure of a company that was in my district and we had many calls, quite frankly, from constituents who lost anywhere from \$1,900 to \$3,700, some of which were elderly and on fixed budgets. Another was a teacher in my son's school who came in in tears one day because it happened. And so it was heartbreaking to not be able to help them to recoup that money on the spot, but moving forward we did and the Committee did work very hard with some of the reputable fuel companies in our area.

We learned that just two of the more established older companies in our area, just two companies alone in one season had saved consumers over \$250,000 from offering these budget plans. So no one wanted to see them go, and I appreciate the work that -- that was done in an effort to both protect consumers but also work with the businesses and the fuel companies in our area. Thank you very much.

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THE CHAIR:

Thank you, Senator. Will you remark further? Will you remark further?

If not, Senator Doyle.

SENATOR DOYLE:

Yes, Madam President. If there's no objection, I move this bill to the Consent Calendar.

THE CHAIR:

Seeing no objection, so ordered, sir.

Mr. Clerk.

THE CLERK:

On page 37, Calendar 154, Senate Bill Number 83, AN ACT CONCERNING MUNICIPAL NOTICE OF ALCOHOLIC LIQUOR PERMIT RENEWALS, favorable Committee -- favorable report of the Committee on General Law.

THE CHAIR:

Senator Doyle.

SENATOR DOYLE:

Yes, hello again, Madam President.

THE CHAIR:

Hi again. Good to see you.

SENATOR DOYLE:

I move acceptance of the Joint Committee's favorable report and passage of the bill.

THE CHAIR:

The motion is on acceptance and passage.

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Excuse me, Madam President.

THE CHAIR:

Senator Looney.

SENATOR LOONEY:

Yes, thank you, Madam President.

I apologize for the interruption. Before moving to that bill, if the Clerk would call the items on the Consent Calendar so that we might move to a vote on the first Consent Calendar.

THE CHAIR:

Absolutely.

Mr. Clerk, will you please call the Consent Calendar.

THE CLERK:

On today's first Consent Calendar, page 4, Calendar 413, House Joint Resolution Number 73, page 6, Calendar 142, Senate Bill Number 324, on page 7, Calendar 176, Senate Bill 267, on page 10, Calendar 228, Senate Bill Number 299, and on page 21, Calendar 375, Senate Bill 323, page 23, Calendar 389, Senate Bill 52, on page 36, Calendar 139, Senate Bill 252, page 37, Calendar 154, Senate Bill 83, page 37 again, Calendar 157, Senate Bill 208, and also on page 37, Calendar 158, Senate Bill 209.

THE CHAIR:

Mr. Clerk, did you miss page 36, Calendar 139?

THE CLERK:

No, I got it.

THE CHAIR:

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You got it. Thank you very much, sorry. At this time, Mr. Clerk, will you call for a roll call vote on the first Consent Calendar, the machine will be open.

THE CLERK:

Immediate roll call has been ordered in the Senate. Immediate roll call on Consent Calendar Number One has been ordered in the Senate.

THE CHAIR:

If all members have voted, if all members have voted, the machine will be closed. Mr. Clerk, will you please call the tally.

THE CLERK:

On today's first Consent Calendar.

Total Number Voting	35
Necessary for Adoption	18
Those voting Yea	35
Those voting Nay	0
Those absent and not voting	1

THE CHAIR:

The Consent Calendar passes.

Mr. Clerk, I think we go back to the roll call vote -- I mean the vote on --

THE CLERK:

Calendar page 14, Calendar 311, Substitute for Senate Bill Number 332, AN ACT AMENDING THE CHARTER OF THE METROPOLITAN DISTRICT IN HARTFORD COUNTY, favorable report of the Committee on Planning and Development.

THE CHAIR:

Senator Osten, let's try this again.

SENATOR OSTEN:

**JOINT  
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COMMITTEE  
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months.

SENATOR DOYLE: Okay.

All right. Any further questions on the bill before us? Thank you very much for taking the time to come and waiting. Thank you.

JOANNE FANN: Thanks.

SENATOR DOYLE: Next speaker is Kate Childs, Rick Bologna and John Bowman.

KATE CHILDS: Good evening, Senator Doyle, Representative Baram, and members of the General Law Committee.

I'm here in opposition to Senate Bill 299, the ACT CONCERNING ESTABLISHING THE GUARANTEE FUND FOR PRE-PAID HEATING OIL.

Thank you for seeing me again, and the -- you have my written testimony but some of it is sort of the same as I said before, that the current law is really what we need to support to help protect consumers, that if you don't lock in your fixed-price oil in the methods that are best practice, that you're really not going to protect the consumer in any way without that law.

So I know we have been working together on this, and we'd like to keep that dialogue open.

And one of the notable things that we've talked about is the seasonal moratorium, and I think the basis behind that is that heating oil dealers will have their highest expenses during the heart of the winter and will be looking to have those bills paid before early spring or by early spring.

And the gist of it would be that we wouldn't be taking in consumers' money in the winter months to pay for our current debts. So that's the main premise we're offering as help on trying to help the legislature enforce the law.

So I won't go through my whole testimony. Also some didn't hear it before, but again the way to prevent companies from being bankrupt is to lock in your fuel prices.

SENATOR DOYLE: Yep. I'll just counter. First of all, we apologize that there are two bills at two different public hearings. That's not how normally we do it, and that's an oversight and we apologize.

But we are -- we have worked on compromise languages being drafted as we speak that does have the language, you know, or like suggested by the industry, that prohibits lock-in during the cold months.

So I think it will be -- there were meetings with the industry and with members of the committee and others about it, so especially the Marion (phonetic) Delegation, Representative Altobello was very active.

So I think the ultimate language will be positive. It's not going to be like either of the two bills, so hopefully that message will get out that we've worked together and I think we're going to have a good piece of legislation that won't destroy the market for lock-in contracts.

Any further questions?

But again we held a lengthy public hearing over at the University of Hartford.

So any further questions? Thank you very much.

Next speaker?

Rick Bologna, Rick, thank you. John Bowman,  
David Gable.

RICK BOLOGNA: Good evening, Chairman Doyle,  
Chairman Baram, members of the General Law  
Committee.

My name is Rick Bologna, and I'm a third-  
generation fuel dealer. My company, Westmore  
Fuel Company, is located in Greenwich down in  
Fairfield County, and we employ 38 people and  
we serve approximately 5,000 customers.

This year we celebrate our 76th year in  
business. I come here today in opposition of  
S.B. 299 that establishes a new guarantee fund  
on heating oil dealers.

Just like you heard from a colleague of mine,  
I'm going to take a little different angle on  
this. In my opinion, the proposed fund  
actually penalizes dealers such as myself. A  
lot of us are family-owned businesses, been in  
the business for decades.

And day in and day out we deliver what we  
promise to our customers. So I'm going to cut  
my testimony short. At that, you have my  
written testimony, but if you have any  
questions I'll be happy to address those now.

SENATOR DOYLE: Thank you. Rest assured your  
comments were heeded and of your colleagues' a  
few weeks ago at the University of Hartford.  
Thank you.

Further comments or questions from the  
committee? Seeing none, thank you very much.

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March 11, 2014  
4:30 P.M.

RICK BOLOGNA: Thank you.

SENATOR DOYLE: Next speaker John Bowman. Is John Bowman here? David Gable?

DAVID GABLE: Good evening, Senator Doyle, Representative Baram, members of the General Law Committee.

My name is David Gable. I'm the president of Hocon Gas, chairman of the Connecticut Legislative Committee of the Propane Gas Association of New England and past president.

Hocon Gas has been in business for over 60 years, with 120 employees and five distribution locations here in Connecticut. We've never sold a fixed-price option to a customer without being fully (inaudible).

Our company has always obeyed the law when protecting the vital interests of our customers, especially when they elect to purchase fixed-price products from our company.

We're extremely disappointed that some companies in the past have ignored the law and hurt the consumers in our state.

Although S.B. 299 appears on the surface to be a remedy for consumers, I think it will actually hurt them by increasing the cost to them and potentially increase the success rate of bogus offers from now intended home-heating fuel suppliers.

Bogus offers are what hurt consumers in the past. Increasing these kind of offers in the future I don't think can be a good thing.

More people will take the risk knowing that the

state will make them whole if the dealer fails. It's tantamount to gambling at (inaudible) son with the taxpayers' money.

Instead of requiring a guarantee fund, we would suggest our already-established laws be strengthened by adding a moratorium period that's obviously under discussion. The moratorium period will weed out the too-good-to-be-true product offers and deny poorly-run companies the funds to perpetuate poor business practices during the winter months when they need the consumers' money the most.

Strengthening our laws by adding a moratorium period combined with greater enforcement of our current laws I think will help eliminate the need for the guaranteed fund laws that associated costs while allowing consumers fixed-price contracts for those who want them.

I'd be happy to answer any questions.

SENATOR DOYLE: Thank you very much.

Any questions from the committee?

Thank you very much. And to be honest, we had that long public hearing. We had a lot of discussion on the similar bill, so it's no disrespect to your comments, it's just the committee --

DAVID GABLE: I wasn't sure whether I should actually have come up and testified because I know (inaudible).

SENATOR DOYLE: Okay. No, it's good to get on the record. But don't take no questions -- there's a lot of interest. Thank you.

Next speaker is Joe Rose, Dr. Chris Gargamelli,

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Nick Scatta.

Joe Rose.

JOE ROSE: Senator Doyle, Representative Baram, my name is Joe Rose. I'm the president and chief executive officer of the Propane Gas Association of New England here today representing the 101 members of our organization who sell propane to consumers in Connecticut.

We strongly oppose S.B. 299 as presented. I was very pleased to hear your remarks a couple minutes ago about working on substitute language. Our organization has been working with various legislators, and with the Connecticut Energy Marketers Association for the past few weeks to come up with a solution that we can all agree on that protects consumers.

In lieu of the rest of my testimony, which basically talks about the moratorium, the things that you're going to -- you've already heard about and the things that you're going to continue to hear about I'd like to save you some time.

The other thing I'd like to offer up if I might is that we have about another 15 fuel oil and propane dealers prepared to testify, and in the interest of your time, if you would prefer, we're willing to withdraw the remainder of our testimony in anticipation of the substitute language.

SENATOR DOYLE: Sounds like a good -- maybe we could have everyone stand if you want.

JOE ROSE: Sure. Would everyone that's in the propane and fuel oil business in this room

stand up?

SENATOR DOYLE: Thank you.

Would the committee, in a bipartisan fashion, did hear the comments and a lengthy discussion in the University of Hartford. That's why we are moving forward to try to work to compromise. So we appreciate you coming today and we are going to continue to work together to compromise.

JOE ROSE: Great.

SENATOR DOYLE: Thank you.

And Representative Baram would like to make a comment.

REP. BARAM: Thank you, Mr. Chairman.

I just want to reiterate that we have heard your voices and it was unfortunate that this bill could not be put on the same public hearing agenda as the other one.

And I would just ask if perhaps you could check in with our clerk so he can tell us who you are and we can cross you off our list. But we do know what your feelings are and your points of view and we appreciate it.

Thank you.

JOE ROSE: Thank you.

SENATOR DOYLE: Senator Witkos.

SENATOR WITKOS: Thank you. I also wanted to echo my co chair's comments. You know, your testimony was very, very compelling and educational at the University of Hartford when

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we had it there, discussing a similar-type bill. and it was really enlightening to us to hear from your perspective how the system can work if it's instituted the way it's meant to be.

And we thank you for some of your comments in bringing that forward and rest assured we are incorporating many of those suggestions in the substitute language so we want to thank you all for coming again tonight.

SENATOR DOYLE: Thank you.

Any questions from the committee?

Representative Altobello, (inaudible).

REP. ALTOBELLO: Thank you, Mr. Chairman.

Sir, you offered to withdraw the remaining testimony. I suggest you might request that we leave it on the record but that the remaining speakers may not want to speak to this issue today.

JOE ROSE: As always, your wisdom is well received.  
Thank you.

REP. ALTOBELLO: You're welcome.

SENATOR DOYLE: Thank you.

And is Angel, our clerk here?

Well, maybe gentlemen if we could somehow get the names -- okay, Chris. Okay, good. Chris will take care of it. Thank you, Mr.

And thank you very much, gentlemen. Thank you.

All right, the next speaker Dr. Chris

Ladies and Gentlemen of the General Law Committee –

My name is Fred Lord and I am writing to let you know about my opposition to SB 299, the prepay contract guaranty bill fund. I am a lifelong resident of Connecticut and have worked over 30 years in the heating oil industry. I am currently the treasurer of HOP Energy, LLC, a privately owned fuel oil company headquartered in White Plains, NY.

I am opposed to the proposed bill for several reasons. The bill is penal in nature. It financially punishes compliant business owners because of the actions of a competitor who did not follow the law. It would be especially punishing for the company I work for. Since 1995, we have acquired over 15 companies in Connecticut. One of the most valuable assets we obtain when we purchase a company is the company's name. As a result, we operate under several trade names and have several Heating Oil Dealer ("HOD") numbers in Connecticut. To be assessed \$3,900 for each HOD number is not fair. For the current heating season, our company sold about 760,000 of prepay gallons, which is a small proportion of the total gallons we will sell in Connecticut. If we have 10 HOD numbers that we need to pay the \$3,900 for that would be a total of \$39,000. If you divide the \$39,000 by 760,000 gallons that comes out to an additional cost of just over \$0.05 per gallon for these gallons. On the other hand, if you had a dealer with only one HOD and they sold the same amount of gallons, that would only be an additional cost of \$0.007 per gallon. The fee would be especially unfair to small dealers who do not even offer a prepay product and would still have to pay the \$3,900 tax.

I also oppose the proposed bill since it will be an additional cost to be passed on to the company's customers. I also feel that this fund will encourage customers to shop around for unrealistically low prices instead of value. Another concern is that the tax that funded the underground Tank Fund started at one rate, 3%, and is now up to 8.81%, resulting in a \$0.26 per gallon additional cost for gasoline. It is worth noting that none of this tax is now going into the Tank Fund for the original purpose it was intended for. I am concerned that the same thing could happen to the Guaranty Fund.

I urge that you oppose SB 299 and work with our industry on a solution that does not increase home heating costs for dealers and consumers.

The Connecticut Energy Markers Association (CEMA) and Propane Gas Association of New England (PGANE) have proposed the following alternatives to the guaranty fund/tax:

General requirement:

Mandate a Seasonal ban on offering any prepaid contracts for home heating oil, kerosene or liquefied petroleum gas from Nov 1 to March 31 of each heating season.

Dealer requirements:

Require that all fuel dealers who offer prepaid contracts for home heating oil, kerosene or liquefied petroleum gas to Connecticut Residents MUST do the following:

- Require these dealers to register the dealer's intent to offer such contracts with the Commissioner of Consumer Protection by June 30th of each year
- Require these dealers to file an annual report with the DCP Commissioner by October 31st of each year indicating the manner of compliance.
- Provide notice to consumers include letter/language instructing customer about credit card payment info and benefits of purchasing that way

Department of Consumer Protection changes:

- Change the "May" to "Shall" requiring annual sending of form to all fuel dealers who offers prepaid contracts for home heating oil, kerosene or liquefied petroleum gas to Connecticut Residents. Mandatory sending of documents to DCP Vendors offering pre-pay by a set certain date each year
- Requires mandatory interagency sharing and sending of important flag-raising information - (DRS to DCP all tax arrears and DOI to DCP all insurance arrears)
- Increase all fines and penalties for laws re: fuel dealers who offers prepaid contracts for home heating oil, kerosene or liquefied petroleum gas to Connecticut Residents
- The new law also requires the commissioner to refer to the Attorney General any registered dealer who fails to provide the required report or who makes a false statement on the required report. The law provides that a violation of any of the requirements is a violation of the Connecticut Unfair Trade Practices Act.
- The new law requires that the annual report be made on a form provided by the commissioner and that the form conspicuously notes that a false statement made on the form is punishable as a Class D crime. The report must be signed by the dealer, or if the dealer is a corporation, the report must be signed by either the president or an officer of the corporation and include a list of all of the members of the board of directors of the corporation. There is no fee for the annual report.
- Require open and transparent on-line, real-time public access listing the dealers for CT Consumers (i.e.: who has filed forms and has provided DCP with evidence of registration and procurement of home heating oil, kerosene or liquefied petroleum gas for the upcoming season as it pertains to prepay contracts).

In summary, I oppose proposed SB 299 since it penalizes law abiding companies and punishes the entire industry due to the action of one company. I urge you to work with the industry for a solution that does not increase home heating costs for dealers and consumers.

Respectfully submitted,  
Fred Lord  
Cheshire CT

BRISTOL  
860-589-HEAT (4328)



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March 11, 2014

Connecticut General Law Committee  
Co-Chair, Paul R. Doyle  
Co-Chair, David A. Baram  
Senator, Kevin D. Witkos  
Representative, Dan Carter

Re: Opposition to SB 299, an Act Establishing a Prepaid Consumer Heating Fuel Contract Guaranty Fund

In response to what is being proposed by SB 299 with regards to additional one-time taxes and annual taxes for direction of funds to a guaranty account for fixed price contracts – we are in opposition of such measures. Currently, we sell a limited amount of fixed price contracts to customers. We comply with all current rules and regulations regarding those contracts. We are financially fit and sound and pay for these contracts in cash. I see absolutely no reason for government intrusion in my day-to-day business affairs with regards to fixed price contracts. In relation, it is the fault of a few dealers that creates a situation in which all dealers must pay. In my opinion this is the wrong direction and is unnecessary. Each default, if any by a dealer, should be dealt with on a case-by-case basis. Added cost and regulation will just manipulate our price for products and services further upward to comply with these proposed rules and regulations.

A fair solution if any solution would be to only levy these proposed taxes onto dealers that sell fixed price contracts. If that were to happen, I would cease providing that service to my customers at once in an effort to thwart newly levied taxes. In that case I would see that as a fair and just solution for the already unjust purpose of SB 299.

In conclusion, customers have a hard enough time making ends-meet and new taxes and costs will not aid them in their mission of putting food on the table. Also it is important to remember that our company has massive expenses, payroll, etc., that we must meet each and every day, increased costs make it unbelievably challenging to operate in this ever increasing regulatory state which is Connecticut.

Best Regards,

Anthony D'Amato  
Vice President

Cc: File

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HOD.0000621, DEV.0009255, 0386737-S1, 0203335-P1, 0010286-F1, DWBT.204226

**TROIANO OIL COMPANY**  
777 ENFIELD STREET  
ENFIELD CT. 06082

March 8, 2014

HOD # 115

To Whom It May Concern:

This letter is being written as opposition to SB 299.

Troiano Oil Company is a family owned and operating fuel oil delivery business celebrating its 80<sup>th</sup> year in Northern Connecticut. We offer fuel oil contracts to our customers who desire this type of price protection and have done so for over 10 years. In addition, we have always bought futures contracts to guaranty the delivery of this product and offered price as is both State law and just good business.

To apply a \$3,900 initial financial burden or any other annual burden in order to create a fund to protect against companies who do not follow the law is inappropriate and disappointing. SB 299 would harm the companies whom are following the law and not enforcing the law against those businesses that are not operating properly. Your focus, while well intended, is misdirected.

We have always believed it an appropriate declaration to complete the State's affidavit as a seller of these products as being a type of protection for our company. We also believed and expected this affidavit to spur the State's enforcement of the existing laws against those companies that have not complied, as we have always done.

SB 299 is focused on the fuel oil dealers whom are acting in the best interests of their consumers and follow the law. In reality, the State should be enforcing the existing laws currently on the books, not harming the companies that are performing properly and appropriately by adding new legislation and expenses.

Do not pass new burdens on companies that are respected within their communities due to the actions of the very few businesses that could and should have been enforced under the existing laws.

Sincerely,



Frank Troiano  
President  
Troiano Oil Company

March 11, 2014

Co-Chair Paul R. Doyle

Co-Chair David A. Baram

Senator Kevin D. Witkos

Representative Dan Carter

General Law Committee:

I am submitting testimony in opposition to S.B. 299, AN ACT ESTABLISHING A PREPAID CONSUMER HEATING FUEL CONTRACT GUARANTY FUND.

Hoffman energy being in business in the state of CT since 1897 adamantly opposes the tax and or guaranteed fund (SB 299). Why should our business be penalized for the failure of another. I also find it unfair practice to have companies invest in funds protecting the pre buy customer when they do not offer any per buy contracts. Hoffman does not offer any prebuy contracts, never has and if forced to by the passing of this bill, will pass the associated costs on as an operating cost which effects the consumer the person you are currently trying to protect. In general funds set aside usually get raided and or are mismanaged and the dollars are spend on something other than what the use was intended for.

The requirements should be strictly between those dealers that are involved with the prebuy contracts and the DCP. All Ct companies offering pre-buy should provide contracts showing the amount of gallons secured and also sold on a monthly basis.

Please oppose S.B. 299, AN ACT ESTABLISHING A PREPAID CONSUMER HEATING FUEL CONTRACT GUARANTY FUND.

Sincerely

Dave Bates

Hoffman Energy

dbates@championenergy.com

THE PETER H. MORTENSEN -



COMPANY

March 10, 2014

I am writing you with regard to SB 299, AN ACT ESTABLISHING A PREPAID CONSUMER HEATING FUEL CONTRACT GUARANTY FUND. We are a family owned and operated business doing business in Connecticut for 80 years. We have seen many changes during this time. **WE OPPOSE THIS BILL AND IT MUST BE DEFEATED.** It is unfair to oil dealers, especially those that do not have pre-buy contracts, to cover the mistakes of others who have broken the law. No one covers our losses when customers do not pay us. The cost of doing business in the State of Connecticut is high enough without adding additional fees. We have multiple MOD numbers and these fees would be a burden to our company.

I wish I could attend tomorrow's meeting, but I have a doctor's appointment I can not cancel.

Thank you

Sincerely,  
THE PETER H. MORTENSEN-VINCI CO.  
VINCI OIL CO.

Rosemarie Vinci

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HEATING &  
AIR CONDITIONING

**JERRY FUEL INC.**  
270 WOODIN STREET HAMDEN, CT. 06514

March 11, 2014

Dear Sirs:

Regarding the public hearing taking place today at 4:30 pm relative to the oil tax/  
guaranty fund let me offer the following comments:

1. I am the owner of Jerry Fuel, Inc. a family business operating since 1981. I take pride in the service(s) I provide my customers and I price my services both **REASONABLY** and **RESPONSIBLY**.
2. I **STRONGLY** do not feel I should have to absorb future costs due to the mishandling of less responsible Fuel Company's.
3. In today's economy every penny is worked hard for by small businesses, I am not in a position to absorb additional costs and would be **UNCOMFORTABLE** having to pass costs on the my customers.
4. **PLEASE** use my voice to help oppose **SB 299** and work to find a solution that does not increase costs for small businesses and consumers.

Thank you for your time and attention to this critical issue.

Gerarco Ragaini  
Owner, President

**Lemay Oil Co., Inc.**  
285 Zion Street  
Hartford, CT 06106  
PH 860 951 1866 FAX 860 951.7919  
Email lemayoil@comcast.net  
Web www.lemayoil.com

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March 11, 2014

Co-Chair Paul R. Doyle  
Co-Chair David A. Baram  
Senator Kevin D. Witkos  
Representative Dan Carter

General Law Committee:

We are a small family owned and operated business here in Hartford with a very high mill rate that is imposed upon us by our elected officials, that we have to pay in order to keep our doors open. We oppose SB 299 and so should you. We oppose this tax on behalf of all HOD's in the state of Connecticut regardless if they offer any pre-buy or cap pricing to their customers. We do not offer any of those deals here at Lemay Oil Company. This tax is unfair to HOD's who do not participate in these types of programs. Maybe you don't realize that heating oil is already very expensive and imposing such a fee would cause the heating oil dealers to potentially pass it down to the consumer, who is already struggling to make ends meet, some of which are having to make the decision to eat or heat. I am curious as to why our **Elected Officials** are not more concerned with the speculators who are making energy unaffordable for the working class people in this country, this does include the Heating Oil Dealer that you are considering imposing more financial burden upon. Where is the transparency that was promised to the people about speculation?

Do you remember when Northeast Utilities and United Illuminating wanted to impose a fee to replace and repair all of the damaged lines and poles that were destroyed from bad weather a few years ago and the state said "NO". These are large publically traded companies that can afford to absorb that kind of expense, yet many of these Heating Oil Dealers are small family owned tax paying people that our officials continue to take advantage of.

SB 299 must not be passed and put on the backs of hard working people. We encourage you to really look at the reason for this tax, just like the tax funded the tank fund, it ended up in the general fund and not used for what it was intended for. We cannot afford to pay this tax as a small Heating Oil Dealer. Please oppose SB 299 and work with the Heating Oil Dealers to come with a more operable plan that does not increase the costs for the small business owner.

Sincerely,  
David Beaupre  
Lemay Oil Company

**T&S Heating & Air Conditioning LLC**  
**7 Belaire Terrace**  
**Portland, CT 06480**  
**860-342-4510**

State of Connecticut General Law Committee  
Hartford, CT

Dear Committee Members,

I am writing to express my extreme opposition to the proposed legislation (SB 299) to punish the home heating oil industry in Connecticut for indiscretions of a small minority of problem oil businesses by considering the oil tax guarantee fund. My company does not even offer pre buy programs due to the inherent risk. Why should we be partially responsible? As a small business we already pay large sums in fees and taxes to the State. Another is simply piling on. Why should we even have confidence that Connecticut would even maintain this fund in the future? The utter failure of the underground tank fund as well as the transportation fund being bled off to the general fund does not present a great track record for legislative Robin Hood law making. I also feel that the more regulatory pressure that is brought to bear the fewer small community dealers will be able to exist, giving way to more large national utility like companies. Not a good omen for the already burdened state consumer

I am also curious as to the criminal or civil enforcement actions taken by the state on the companies that do not cover their oil contracts. Are violations being pursued? Is perjury occurring and not being prosecuted?

Sincerely Yours,

Michael T. Jordan

T&S Heating & Air Conditioning

**21<sup>st</sup> Century Heating & Cooling Solutions**

**JAMES Heating Oil, Inc.****326 Derby Avenue ~ Derby, CT 06418****Phone (203) 736-2566****Fax (203) 732-4070**

March 10, 2014

To Whom It May Concern:

I am writing to express my deep concern over the proposed legislation that would create a "guaranty fund" to protect consumers who pre-buy fuel contracts from their respective fuel dealers.

As a small business owner, I feel that such legislation would create severe hardship for Connecticut's small fuel oil and propane dealers. It is especially unfair to those of us who DO NOT offer such pre-buy contracts. Small dealers do not have the resources to offer such plans. As it is, we lose customers because we cannot financially compete with the companies that do. It is terribly unfair to ask us to shoulder the burden if these companies cannot honor the contracts which they have sold. You should make it mandatory that the companies who sell the pre-buy contracts purchase enough insurance to cover such contracts in the event of company bankruptcy, or have them -and only-them- fund the guaranty fund. Don't punish all of us for the risky business practices of a few. I run my business conservatively, and won't be responsible for my competitor's mistakes.

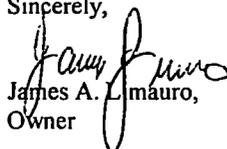
As a family-owned business, I cannot afford to pay \$3,900. Nor is it fair to expect me to do so in order to bail out my competitors! As it is, the cost to do business in this state has gone up considerably. You've already raised the taxes on the diesel fuel required to run our trucks. You've already doubled the costs of our licenses. Putting another financial burden on us will be putting another nail in the coffin of this industry.

And what about the tank fund? Now up to 8.81%...that money doesn't even go into a 'tank fund' any more. You ask for \$3,900 now, and \$500 annually thereafter. How much will you want ten years from now? Everybody knows that this is just another way to bolster the General Fund.

Please do not adopt SB 299. Instead, please work with CEMA to ensure that Connecticut's consumers are protected by those who they DIRECTLY do business with, NOT by those innocent of any wrong doing.

I plead with you to please leave our small businesses out of this equation. If this law is adopted, many of us will be forced to close our doors. Thank you for taking the time to read this letter.

Sincerely,



James A. Limauro,  
Owner

[www.jamesheatingoil.com](http://www.jamesheatingoil.com)[jamesoil@att.net](mailto:jamesoil@att.net)

Tuesday, March 11, 2014

Co-Chair Paul R. Doyle

Co-Chair David A. Baram

Senator Kevin D. Witkos

Representative Dan Carter

General Law Committee:

I, Lloyd Chapman, the president of West Side Oil is strongly against bill SB 299 which is an act to establish a prepaid consumer heating fuel contract guaranty fund. Approximately 4 years ago I bought prepay oil and the cost after I purchased it went down \$1.50 per gallon and I had 1 million gallons on hand . My customers refused to take delivery of it, I had over 1 million dollars loss all at once.

I bit the bullet and took loans out and sold some of my property to cover it. I asked the state to help me. The answer I received from them was there is nothing we can do to help protect me. I did the morally and correct thing, and I'm still paying the bill of approximately \$8000 per month.

Now you want to tax me because someone does not know how to run their business and take care of their own problem, and all of a sudden you want me to go into debt for someone else and help protect some of the people that did not want to take the oil and bought cheaper oil elsewhere.

I don't offer prepay anymore so I feel I should not have to be the one that helps support an incompetent business and make it easier for them or anyone else.

Please oppose S.B. 299, AN ACT ESTABLISHING A PREPAID CONSUMER HEATING FUEL CONTRACT GUARANTY FUND.

Thank you,

Lloyd Chapman

President

West Side Oil

27 Babbs Rd. West Suffield, Ct 860-668-4322

Tuesday, March 11, 2014

Regarding Proposed - SB 299

Co-Chair Paul R. Doyle

Co-Chair David A. Baram

Senator Kevin D. Witkos

Representative Dan Carter

General Law Committee:

We are opposed to SB 299, AN ACT ESTABLISHING A PREPAID CONSUMER HEATING FUEL CONTRACT GUARANTY FUND. The \$3900.00 fee and subsequent \$500.00, annual fee is a very large amount to impose on companies which do not offer a pre-buy.....or offer a few pre-buy contracts. We also feel that it is not fair that our customers have to pay a fee to protect the monies of customers of another company. No one want to see anyone lose monies for a pre-buy contract which their oil or propane company cannot fulfill. However, we do not see this bill as the solution.

Thank you for the opportunity to express our views.

Please oppose S.B. 299, AN ACT ESTABLISHING A PREPAID CONSUMER HEATING FUEL CONTRACT GUARANTY FUND.

Yours truly,

Roger W and Tina Potter Abell

POTTER'S OIL SERVICE, INC. (A 3rd generation family owned business established in 1930)



Re: Testimony opposing Bill no. 299, An act establishing a prepaid consumer heating fuel contract guaranty fund.

**Taxes on businesses are paid for by their customers**

We have offered price protection contracts to our customers for over 10 years. Over 1,000 of our customers have taken advantage of these contracts. This winter, each customer saved an average of \$210 over customers without price protection. Similar savings for our price protection customers have occurred in 8 of the past 10 years.

Bill no. 299 proposes a tax of \$3,900 on each fuel oil dealer in the first year alone. This tax, which will total about 2 ½ million dollars in the first year, will be paid for by consumers of heating oil.

Less than 1% of fuel oil dealers have cost their customers money by defaulting on their price protection plans. This proposed bill guaranties one thing: The State of Connecticut would join these few fuel oil dealers as entities that will cost consumers money in regards to price protection contracts.

Jeffrey Jennings

President

Jennings Oil Company

March 10, 2014

From:  
Valentino Fuel & Service  
19 Smoke Rise Road  
Wallingford, CT 06492

Richard Valentino  
Owner

I have been in business since 1985. As a law-abiding business owner and taxpayer, I should not be penalized financially because of a competitor who did not follow the law. As a family owned business I cannot afford a \$3,900 tax, my customers cannot afford any increased cost that this would bring them.

I am asking you to oppose SB 299, and work with the industry on a solution that does not increase costs for small businesses and consumers. A Guaranty Fund will incentivize consumers to shop for unrealistic low prices instead of good value and security - leading to risky purchases of "too good to be true" offers.

Sincerely,

*Richard Valentino*



March 11, 2014

Good Afternoon, Members of the General Law Committee. My name is Nicholas Scata, and I come here today from Plainville, representing Tower Energy and Plainville Oil Company. We employ thirteen individuals and serve close to 3,000 customers in Central Connecticut. Our companies have been in business in Connecticut for over 16 years. I come here today in opposition of proposed Senate Bill 299 establishing a Guarantee Fund. We are a locally owned energy company that distributes heating oil & propane and provides HVAC services to our customers and we do engage in the sale of prepaid heating oil contracts.

The proposed bill seeks to establish a \$3,900 one-time tax and an annual tax of \$500 for every registered heating fuel dealer to establish a fund to reimburse consumers who are defrauded by a heating fuel dealer who fails to deliver on prepaid heating fuel contracts purchased by those consumers. Establishment of this tax is punitive to those heating fuel dealers who follow the current regulations and takes steps in securing either physical product or futures contracts to assure delivery on these contracts and protect their customers. The failures of the past are a result of miss-management or outright fraud. This fund, if established, will encourage more of the same. Imagine this, a heating fuel dealer offers a too good to be true prepaid contract knowing full well if they are unable to deliver the state will bail out their customers. How does this bill prevent this kind of abuse or behavior? It is simply creating a safety net that promotes the exact actions you are trying to prevent.

I agree that consumers should be protected from heating fuel dealers that are unable to fulfill the obligations under these contracts. I offer the following suggestions:

PO Box 1576  
Farmington, CT 06034-1576  
860-677-7347  
[www.myhomeoil.com](http://www.myhomeoil.com)



- Require heating fuel dealers that engage in the sale of prepaid to abide to a seasonal moratorium banning the sale of these contracts during the peak heating season.
- Require dealers who wish to sell these contracts to report to the Department of Consumer Protection each year the gallons sold under prepay contracts and the future positions purchased to protect the contracts or physical product purchased for the delivery of the contract holders.
- Make the above information readily available for consumers to review when they are contemplating which dealer to purchase from
- Impose criminal penalties and permanent revocation of a dealer's license when they willfully fail to comply with current and enacted regulations regarding prepaid fuel contracts.

Prepaid heating fuel contracts have saved consumers money in the past and will continue to do so. They provide stable pricing removing price volatility from the equation. When structured properly the consumer will not lose nor will the heating fuel dealer lose. As I mentioned earlier, the failures of the past where a result of mismanagement or outright fraud. Heating fuel dealers who have followed the current regulations, have managed these contracts properly and have educated themselves on what financial tools to use to protect their customers and their businesses and have served their customers well.

I respectfully request that you do not consider imposing this tax to establish this fund. Our commitment as an industry is to continue to look for ways that guarantees affordable heating fuel prices with price stability and when possible price savings.

PO Box 1576  
Farmington, CT 06034-1576  
860-677-7347  
[www.myhomeoil.com](http://www.myhomeoil.com)



I strongly encourage you to work with our association to include the items mentioned and still accomplish what you are seeking, and that is to protect the heating oil consumer from bad and unethical business practices.

Thank you for your time.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Nicholas S. Scata".

Nicholas S. Scata  
President  
Tower Energy/Plainville Oil Company

PO Box 1576  
Farmington, CT 06034-1576  
860-677-7347  
[www.myhomeoil.com](http://www.myhomeoil.com)



March 11, 2014

SB 299

Written testimony of Rick Bologna, General Manager, Westmore Fuel Co., Inc.

Chairman Doyle, Chairman Baram, Members of the General Law Committee.

My name is Rick Bologna and I a third generation Fuel dealer. My company, Westmore Fuel Co., Inc. employs 38 people and serves over 5000 customers in southwestern Fairfield County. This year we celebrate our 76<sup>th</sup> year in business.

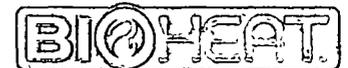
I come here today in opposition of section SB 299 that establishes a new guaranty fund on heating oil dealers.

In my opinion, the proposed guaranty fund penalizes dealers like ourselves who have been prudently managing their businesses for decades, and delivering on what we promised to sell. For companies like us, our customers come first, and the proposed guaranty fund will be like a tax on my business that I cannot absorb, and unfortunately I would have to pass this cost on to my customers.

Also the state does not have a good record historically of managing tax funds on gasoline, and I believe funds from a guaranty fund on heating oil would suffer the same fate as the state excise tax on gasoline. For example, the state gasoline gross earnings tax was designed to fund pollution clean-up. That tank fund was eliminated last year and the tax flows entirely into general revenue. I feel it would be too tempting for legislators to raid any new revenue fund that is created.

In closing, I respectfully request that you do not create a guaranty fund on heating oil because it will penalize more than 500 dealers in CT that have taken their customers interests first, which include agreeing to prudent price agreements with customers and delivering on them year in and year out.

Thank you.



CT. LIC #305199

Tel (203) 438-2688  
Fax (203) 438-3869**MONTANARI  
FUEL SERVICE INC.**

15 SOUTH STREET • P. O. BOX 13 • RIDGEFIELD, CONNECTICUT 06877

March 10, 2014

Attention: Chris Herb

Dear Chris:

We are writing in opposition to the oil tax/guaranty fund. We have been in business for 68 years and feel this would be another expenditure we can't afford. We follow all the laws with regards to contracts and feel we should not be penalized because another competitor did not follow the rules.

This tax starts out at \$3900.00 a year with a \$500 annual fee but the concern is what these costs will be in ten years. It is fees such as this that will put the small family owned company out of business,

We urge you to oppose SB 299 and work with the industry on a solution that does not increase costs for small businesses and consumers.

Best regards,



Andrew Montanari, Jr.  
Vice President

*"SMALL ENOUGH TO KNOW YOU...  
LARGE ENOUGH TO SERVE YOU"*

March 11, 2014

Co-Chair Paul R. Doyle

Co-Chair David A. Baram

Senator Kevin D. Witkos

Representative Dan Carter

General Law Committee:

I am submitting testimony in opposition to S.B. 299, AN ACT ESTABLISHING A PREPAID CONSUMER HEATING FUEL CONTRACT GUARANTY FUND.

I have been in business for twenty years and I do not understand how the state can penalize me financially for someone else that did not follow the law and use prudent business sense.

If the state passes this bill it will be a burden on the consumer, as I will have to pass it on to my customers because as a small family business I cannot afford another \$3900.00 in taxes.

This bill wants to initiate a tax of \$3900.00 and then have a \$500.00 annual fee that will end up in the general fund? Why should oil companies pay to increase the general fund?

Please do all you can to find a more realistic way to protect the consumer from business that offer something that's "to good to be true".

Please OPPOSE SB 299.

Thank you,

John R Gedney, President

Pennywise Oil Co Inc.

Serving citizens of Connecticut for 20 years.

# McCarthy Heating Oil Service, Inc.

Complete Heating Installations  
Steam • Warm Air • Hot Water  
Central Air Conditioning Systems  
Electric Conversions



24 Hour Emergency Service  
Monthly Payment Plan  
Burner Sales & Service  
Free Estimates

50 Route 32 • Box 332 • Quaker Hill, CT 06375-0332 • 860-443-2839 • Fax 860-443-0140  
CT Lic No. 302650

March 10, 2014

Co-Chair Paul R. Doyle, Co-Chair David A Baram, Senator Kevin D Witkos, Representative Dan Carter

General Law Committee

As an owner of a family run business for the past 52 years and a taxpayer, I'm against a tax that will financially hurt my business. This Guaranty Fund will cause customers' to shop for low prices instead of good value and security leading to risky purchases of "To Good To Be True" offers.

Please oppose SB299 and work with us to a solution that does not always increase our costs for the small business owner.

We are unable to attend but hope this will help.

Sincerely,

A handwritten signature in black ink, appearing to read "James P. McCarthy, Jr.", written over a horizontal line.

James P. McCarthy, Jr.  
President

JPM/kas

March 8, 2014

General Law Committee  
Paul Doyle, David Baran, Co-Chairs  
State of Connecticut General Assembly

Re: SB 299, An Act Establishing a Prepaid Consumer Heating Fuel Contract Guarantee Fund

Dear Sirs,

I am writing to ask that you vehemently oppose SB 299, An Act Establishing a Prepaid Consumer Heating Fuel Contract Guarantee Fund.

This act requires that every Heating Oil Dealer (HOD) licensed in the state pay \$3900.00 into a fund on July 1<sup>st</sup> and \$500.00 annually thereafter, to reimburse consumers who lose money By paying for heating oil in advance of delivery, in the event the dealer closes before the fuel is delivered. It would even require payment into the fund for dealers who do not offer risky contracts of this type!

In the past 20-plus years that I have been the President of my family-owned business, there are only three such circumstances that have occurred in Connecticut of which I am aware. The first was F & S Oil. The principal player in that company was engaged in FRAUD, for which he should be, and has been punished through the legal system. The second was Bernie's Fuel. The principal in that company was engaged in what could only be FRAUD, since every asset he or the company owned, was mortgaged three or four times its actual value. I sincerely hope that the law will hold him accountable. The third incident was more recent, and I have no knowledge of the particulars in that case, but I can assume that the same activities practiced in the first two were being practiced by the third. I hope that the law punishes these people to the fullest extent if found guilty.

My problem with SB 299 is that this act punishes me, and every other reputable dealer in Connecticut who had absolutely no involvement in the illegal acts of those companies and those people! I am extremely distressed by this. There is no reason on earth that honest business people like myself should be punished for the illegal acts of another, over whom we have no control, and no knowledge even (until the news hits the papers), of his actions. If one of your committee members commits an illegal act, are each of you responsible for making his victims whole? Of course not! If one of your members were to commit an illegal act, I imagine that every one of you, being law-abiding citizens of upstanding character, would hold that individual responsible, and agree that the punishment and restitution should be borne completely by the person who broke the law.

There are over 600 registered HODs in this state. The vast majority of us are upstanding citizens like yourselves. Look at the numbers. Three out of several hundreds, in twenty-some years are responsible for victimizing consumers. The impact of their crooked business dealings is very hard on their victims, without a doubt. But those victims did not have a contract with me. I did not victimize those consumers, and my industry as a whole did not. The industry as a whole must not be punished for three bad players. I simply cannot afford to

be penalized for another's illegal activities, and I shouldn't have to be, any more than you would be held personally responsible for the bad deeds of another of your ranks.

Someone must bring up this issue as well: Funds collected through initiatives like this one are all too frequently raided by our state, never to be used for the intended purpose. Nobody likes this practice. Nobody. Voters are all too well acquainted with this practice in Connecticut, and unfortunately we have come to expect this as the rule, not the exception. We will not stand for this punishment when we know it is no solution to the issue of restitution, and when the wrong people are bearing the punishment.

Most of the 600-plus HODs in Connecticut belong to CEMA, of which you are familiar. We, and even non-member businesses hate to see any of our competitors sully the reputation of our industry. We are proudly known to come out at all hours of the night for no-heat calls, to deliver fuel in five-gallon jugs to homes that have impassable driveways, to trudge through deep snow to get to fill pipes, to notice health and safety hazards while in your basements (and call your attention to them before disaster strikes), to bring fuel to needy families through a multitude of assistance agencies, and even to discount our fuel or make charitable donations of fuel ourselves, to stretch a family's tight resources. Heating oil dealers are the most trusted independent business people of all; we have keys to your homes, and watch over them even when you're away for extended periods!

We all know that some consumers still want to be able to purchase pre-pay contracts. There are already safeguards in place to protect consumers when they engage in these contracts. How can we protect consumers further, protect them from FRAUD perpetrated by criminal acts? First, we must recognize how to identify situations as they develop, which could indicate imminent failure of a heating oil dealer. This is fairly simple, actually. No heating oil dealer ought to be collecting money during a heating season, for delivery of fuel in the next heating season. This is a clear signal of a cash-flow emergency. Any dealer that does this could be collecting money to pay his bills now, and won't have money to buy fuel next winter, when those customers need it. This is exactly what Bernie's was doing. The next signal is instead of delivering full loads to each customer, the cash-strapped dealer is making "short deliveries." 50 gallons (or less) and an excuse.

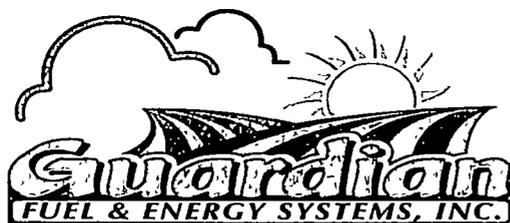
CEMA members have a proposal to replace SB299 that makes a lot of sense. We propose instead of punishing the dealers who have done no wrong, that the legislature adopt limits on when Pre-pay contracts can be sold, and how far out they can be projected. My company already does this: We begin selling contract-price oil sometime in the summer months, for the upcoming heating season only. We stop selling contracts for the upcoming heating season by the end of October. Once into November, if anyone wants to buy a contract, we simply state that contracts are only available for a limited period, and won't be again until the following summer, for next season. We offer no other option than that. If our competitors are selling contracts in November through March, for next heating season, we know what they are up to, and it is no good! State law currently allows dealers to sell contracts 18 months out. It's a bad practice, and is a fairly good indicator that the company engaging in it needs a closer look by consumer protection advocates. If the CEMA proposal were adopted, all companies would be limited to selling contracts within the stated period only, and for the impending heating season only. Bad apples would easily be recognized. Reporting of infractions would be made quickly by dealers who follow the law, since the unscrupulous ones would be cutting our throats. We can do without their kind, thank you very much. Please, ask the Department

of Consumer Protection; who reports dealer infractions to you? I'll bet they will say reports come most often from the dealers themselves, or from CEMA, on behalf of the dealers.

Oppose SB 299. Punish criminals for criminal acts. Don't punish hundreds of good people for the illegal acts of a few criminals. Adopt the CEMA members' proposal. It allows consumers to purchase the contracts they wish, and puts reasonable limits on the businesses that offer them. It allows for easy identification of businesses violating the law, so the Department of Consumer Protection can step in to stop the practice, and learn what is going on in that individual situation. Prevention of further crimes against consumers is a goal worth working on, together.

Thank you for your consideration.

Jamie K.W. Lohr, President



HOD #31

Residence  
13 Heritage Drive  
Stonington, CT 06378

cc. Andrew Maynard

March 11, 2014

Co-Chair Paul R. Doyle

Co-Chair David A. Baram

Senator Kevin D. Witkos

Representative Dan Carter

General Law Committee:

I am submitting testimony in opposition to S.B. 299, AN ACT ESTABLISHING A PREPAID CONSUMER HEATING FUEL CONTRACT GUARANTY FUND.

To charge a 3900 dollar tax and a 500 dollar yearly fee to every propane and heating oil dealer is unjust to the dealers who do not offer prepaid contracts and unfair to their customers who ultimately will pay these taxes and fees.

Guaranteed pricing should be the financial responsibility of the dealers offering the program and their customers that desire the program.

It seems that all funds and taxes levied by the State for specific purposes generally end up in the general fund leaving all unprotected eventually.

Please oppose S.B. 299, AN ACT ESTABLISHING A PREPAID CONSUMER HEATING FUEL CONTRACT GUARANTY FUND.

Respectfully,

William Vedovato

Vice President

Imperial Oil Co.

648 Sullivan Ave

South Windsor Ct.

HOD 146

**J&E Oil, LLC**  
**590 Sherman Avenue**  
**P.O. Box 5547**  
**Hamden, CT 06518**  
**203 248-2561**  
*[jandeoil@sbcglobal.net](mailto:jandeoil@sbcglobal.net)*

March 11, 2014

Co-Chair Paul R. Doyle  
Co-Chair David A. Baram  
Senator Kevin D. Witkos  
Representative Dan Carter

General Law Committee:

I am submitting testimony in opposition to S.B. 299, AN ACT  
ESTABLISHING A PREPAID CONSUMER HEATING FUEL  
CONTRACT GUARANTY FUND.

As a small family owned business I cannot afford this tax of \$3900 and will ultimately pass any added costs along to my customers who should not have to pay for other peoples mistakes.

Please let this document serve as proof that J&E Oil Co. officially opposes CT Bill SB 299, an act establishing a prepaid consumer heating fuel contract guaranty fund.

Please oppose S.B. 299, AN ACT ESTABLISHING A PREPAID  
CONSUMER HEATING FUEL CONTRACT GUARANTY FUND.

Thank you.

Sincerely,

John J. Esposito  
Holli Esposito  
(owners)

March 11, 2014

Co-Chair Paul R. Doyle

Co-Chair David A. Baram

Senator Kevin D. Witkos

Representative Dan Carter

General Law Committee:

I am submitting testimony in opposition to S.B. 299, AN ACT ESTABLISHING A PREPAID CONSUMER HEATING FUEL CONTRACT GUARANTY FUND.

Please note our opposition to SB 299, which would establish a prepaid heating oil contract guaranty fund.

Why should dealers who abide by the law have to pay for the negligence of others? As a small oil dealer the flat fee of \$3900 that is proposed is a burden.

The state is concerned with promoting natural gas with no regard to the fuel oil dealers and this proposal would be another burden to do business in a state that favors my competitors over my business.

Please oppose S.B. 299, AN ACT ESTABLISHING A PREPAID CONSUMER HEATING FUEL CONTRACT GUARANTY FUND.

William and Angela Carroll

Madison Oil Company

30 Scotland Avenue

Madison, CT 06443

# Gault

SINCE 1863

March 11, 2014

To Whom It May Concern (General Law Committee):

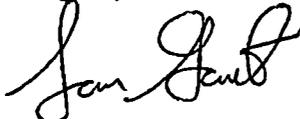
I am writing to you today to encourage you to oppose SB 299 that would require an oil tax/guaranty fund for the heating oil and propane industries. I am the owner of Gault Energy in Westport; we are a 5<sup>th</sup> generation energy company that has been faithfully servicing the needs of Fairfield County homeowners and businesses for over 150 years. I find this proposed initial tax of \$3,900 and the subsequent \$500 fee each year to be unjust and as a result of one bad apple in our industry that did not abide by the existing laws of the State of Connecticut for pre-buy oil contracts. As a law abiding business owner and tax payer of this state, I should not be penalized financially because of this situation. We are working diligently each and every day to provide our customers with the most competitive oil pricing programs and this proposed tax and guaranty fund will only add to our cost structure that would need to be passed on to the consumer. With already higher comparable energy prices in New England and particularly in our state, we and the consumers that we serve do not need higher prices.

Many funds just like what is being proposed do not have the best track records in our State. For example, the tank fund that was created to help protect the environment from underground storage tank leaks frequently had its monies used elsewhere. The initial 3% tax that funded the tank fund is now at 8.81%, resulting in a 26 cent per gallon tax on gasoline that is not contributed to the tank fund. I am extremely concerned that this proposed guaranty fund will result in the same type of misappropriation.

I encourage the General Law Committee to work collaboratively with CEMA to create legislation that protects the consumer against any one off "bad apples" in our industry, but does not create additional reoccurring cost for the dealer and thus the consumer. We have a very competent legislative committee at CEMA; made up of heating oil dealers, that are very willing to create solutions that are acceptable for all parties, please take advantage of this resource.

Again, I urge you to oppose SB 299 and work with CEMA to create a viable solution.

Regards,



Sam Gault  
sgault@gaultenergy.com



## State of Connecticut

### SENATE

SENATOR DANTÉ BARTOLOMEO

*Thirteenth District*

Testimony on Raised Bill No. 299 – AN ACT ESTABLISHING A PREPAID CONSUMER HEATING FUEL CONTRACT GUARANTY FUND.

Over the past few months I have been contacted by constituents who lost thousands of dollars due to the recent closure and bankruptcy of Ace Oil. As a result, I began and continue to have meetings with two longtime reputable oil companies in my district and their industry representatives in order to understand the intricacies of their businesses. While I feel strongly that we have an obligation to protect consumers as well as our honest business owners, I do not support the idea of establishing a guarantee fund for home heating fuel providers.

The current law (CGS 16a-23n) allows for consumers to take advantage of savings provided by entering into prepaid guaranteed price contract plans without forcing the oil companies to purchase very costly and hard to find surety bonds. It has been reported to me that the combined savings provided customers by just these two district companies alone, through the offer of prepaid contracts, is over \$250,000 this year. The elimination of the opportunity for these companies to obtain physical inventory or purchase fuel futures or the additional cost associated with establishing a guarantee fund will realistically mean they are no longer able to offer their customers prepaid contracts or the savings with which they are associated.

I believe that the real problem lies in the lack of monitoring and enforcement of current law. If company audits occurred on a regular basis and continue to be conducted in the future, to assure that oil companies act in accordance with 16a-23n which states that the company must obtain physical inventory or fuel futures or forwards contracts "*in an amount not less than eighty per cent of the maximum number of gallons or amount that such dealer is committed to deliver pursuant to all prepaid guaranteed price contracts entered into by such dealer*" oil customers would be better protected from loss due to failures like Ace Oil. I ask you to consider rejecting Senate Bill 299 and work with the Department of Consumer Protection to facilitate their ability to support the protections already provided to customers in 16a-23n of the General Statutes.



1024 Suncook Valley Hwy. Unit C5  
PO Box 1071, Epsom, NH 03234-1071

General Law Committee  
Tuesday March 11, 2014

CT General Assembly  
SB 299- Prepaid Consumer Heating Fuel Contract Guaranty Fund

I am Joseph Rose, President / CEO of the Propane Gas Association of New England; here today representing the 101 Connecticut based members of our organization who sell propane to Connecticut consumers.

We strongly oppose SB 299 as presented. The propane industry believes that consumers need to be protected and one of the ways our industry does that is with the significant assets that we own in the tanks at our customer's homes. A mandatory guarantee fund simply provides another pot of money, paid for by propane consumers that can be utilized for other purposes down the road.

Our organization has been working with legislators and the Connecticut Energy Marketers Association to come up with a solution to protect consumers without adding costs. Connecticut is not alone in this prebuy activity. Other New England states have taken action in recent years and in the current legislative session in New Hampshire the winter moratorium on selling prebuy for the following heating season has just passed out of committee and is on the house calendar with our support. Providing a Moratorium that does not allow companies to sell home heating fuel until the end of one winter for the following season prevents companies from using next year's heating fuel funds to get through the rest of this season offering consumers significant protection!

Asking dealers to register and report is also an effective tool as would posting that information on a web site, as competitors can police activity for the DCP when they lose a customer to someone not on the list!

We strongly urge you to substitute the proposed language from CEMA to add protection to consumers and abandon this guarantee fund idea which will add costs and create another expensive beaurocracy that is simply not necessary.

I would be happy to answer any questions that you might have.



Joseph U. Rose  
President / CEO

March 11, 2014

Co-Chair Paul R. Doyle

Co-Chair David A. Baram

Senator Kevin D. Witkos

Representative Dan Carter

General Law Committee:

Unfortunately I am unable to attend the hearing this afternoon, but as you can expect, I am not in favor of any guaranty fund that is created on the backs of small businesses. It is tough enough for our customers to heat with oil at today's prices. Any additional dealer expenses would be passed on to these unfortunate, sometimes struggling, customers for the potential benefit of only a few, or possibly even none! The current fee structure of \$3900.00 is highly disproportionate to small companies like ours. We do, like many others, offer prepaid contracts, and have for many years. We comply with all pertinent regulations. The number of gallons however is very very small. It is not fair or reasonable for others (wether it be non-participating dealers or consumers) to pay any increased costs or additional fees that seek to minimize risk for others. There is no reason to write any new regulations that are specific to the heating oil business, as all consumers could benefit by a guaranty fund that would pay them back for any purchase regardless of its nature, similar to credit card protection. Singling out heating oil dealers for this additional excessive consumer protection is extremely shortsighted and completely unnecessary.

It is particularly disturbing to find that there is already an outlet for "excess funds", having them directed to the General Fund! This bill is not needed for the consumer, it is clearly a new revenue stream disguised to take advantage of an unusual and isolated incident with Ace Oil. Passage of SB 299 will put me at one more competitive disadvantage. As I see it, it is only directed at companies that have a Ct. H.O.D. number. All non-registered dealers, both in state and out-of state will continue to operate at a lower cost of doing business, at the expense of others. I am opposed to SB 299.

Dennis Hutton

Somers Oil Service

Rob Dietter Jr.

Clintonville Oil LLC

151 Mill Road

North Haven, CT 06473

203-234-1427

Testimony on S.B. 299

03/11/14

Rob Dietter Jr.

Owner of Clintonville Oil LLC located in North Haven CT.

Our oil heat industry is mostly comprised of small to medium small businesses. Businesses that pay taxes, create jobs, support families and promote goodwill in our communities. These are businesses that work hard every day to do the right thing. Providing comfort and warmth to our neighbors, friends and families is our number one priority.

Unfortunately, in the world we live in there are companies and individuals that are less honorable. We feel badly about the consumers that lost their hard earned money. We do not feel we should have to pay for the actions of others.

Clintonville Oil LLC. Does not offer fixed price contracts and should not be penalized for those that do. If our overhead increases, our costs will be passed on to our customers that are already feeling the pinch of high energy costs.

Dear Members of The General Law Committee:

OPPOSITION – SB 299, An Act Establishing A Prepaid Consumer Heating Fuel Contract Guaranty Fund

My name is Gregory Stafstrom. I am the owner/operator of Spring Brook Ice & Fuel Service, located in New Britain, CT. Our firm has marketed home comfort delivery service and solutions since our inception in 1918 – over 96 years.

Presently, we market fuel oil and service to mostly residential consumers. Since fuel oil has been traded as a commodity in the late 1980's, Spring Brook has offered pre-pay (buy ahead) and price cap (ceiling price) oil contracts. We have delivered every gallon for the past 25+ years that we pre-sold or capped for our customer's. We have managed our oil price program by purchasing both wet barrel and paper oil contracts (calls) incrementally as we have sold the gallons. We provide price protection annually from July 1 through June 30 of the following year. The hedged gallons are matched to the pre-pay and price cap gallons. A written contract required by State statute is signed by each customer and retained by our firm. When requested, by the State's Consumer Protection office, we document the contract and the future purchases and expected sales to this department.

A guarantee fund and payment by every oil dealer into a fund to protect consumer's that are effected by oil dealer's that default on pre-pays and price caps is the WRONG approach. The proposed \$3900 payment by each oil dealer is also unrealistic. This will create a tax on oil dealers that will only make already high price home heating oil more expensive. This expense and recurring assessments into such a fund will need to be passed on by our firm and probably other dealers back to the consumer. This concept also allows other retailers to be reckless and offer below market pre-pay offers. Some dealers will be irresponsible, and "take a chance" approach. If they default, the customer will still be protected by such a fund. Further, there have been other funds like this proposed guaranty fund that have not been successful. An example is the Tank Fund that has been funded by our industry and gasoline retailers. This fund has not been used or administered as it was intended – to reimburse for leaking underground oil tanks.

Please consider an alternate approach that does not require an oil dealer to pay significant money into a guaranty fund. Some of the possibly solutions would be to institute a seasonal ban on pre-paid contractors during peak heating demand – Nov 1 – March 31. Further, require each oil dealer to file an intent to sell and an annual report to Department of Consumer Protection's Commissioner prior to the winter season. If there is a discrepancy, then allow that office to warn or red-flag a particular company, prior to an oil dealer defaulting to a customer. Also, encourage oil dealers to promote payment of pre-pays or caps with a credit card. A credit card company often protects payments for individual's that use their credit card service. In addition, other

suggestions might be to enforce dealers not complying with punitive damages, especially dealer's that conspicuously make a false statement about their pre-pay or price cap program. Also, introduce an on-line, real-time public access web site to allow consumer's the ability to assure that oil dealers have filed all the forms and registration with the Department of Consumer Protection.

As a small oil marketer, this proposal would drastically change the landscape of how Spring Brook markets fuel oil. We should not be penalized for following the rules and adhering to sound business decisions related to pre-pays and price caps for the past number of years. Again, please consider other options other than a guaranty fund!

March 11, 2014

Co-Chair Paul R. Doyle

Co-Chair David A. Baram

Senator Kevin D. Witkos

Representative Dan Carter

General Law Committee:

I oppose SB 299. As someone who is working within the industry that this bill would impact I feel it would not accomplish what it is set out to do. The intention of what the bill is for on the surface falls apart when a closer look is taken. The real impact of this bill will increase costs for consumers. As a small family owned business, we cannot afford yet another tax and more fees to support this bill. The result will be more pass through costs to consumers. This annual fee may start as \$500 annually, but where will it end in the years ahead? This bill sounds similar to a fund that was created to protect the environment for underground storage tank leaks. Currently the state owes local family businesses more than \$100 million from this previous fund. These funds may start with one intention, but ultimately lead to just another tax on businesses here in CT. This bill will not stop the root of the problem when unethical business practices are being done by irresponsible business owners. It simply penalizes businesses who are following the rules.

Prevention of these dealers who are likely to default on contracts offered to consumers is where we must look. The state doesn't need to provide a "bailout" fund for businesses that aren't playing by the rules. Tighter mandates on when contracts may be offered to consumers and leveling the playing field to keep businesses honest would offer more resolution than a "bailout" fund. By mandating a seasonal ban on offering prepaid contracts for home heating oil, kerosene or liquefied petroleum gas from Nov 1 to March 31 would prevent companies from setting up consumers for expectations that are fabricated on nothing but speculation. Let's be accountable when offering these contracts being required to register the dealer's intent with the Commissioner of Consumer Protection by June 30<sup>th</sup> of each year. Requiring these dealers who are offering contracts to file an annual report with the DCP Commissioner by October 31 of each year outlining how they have complied with regulation would also be helpful.

In closing, the idea to create a fund for businesses who are knowingly offering contracts that are fabricated and unrealistic does not help the consumers or the businesses who are following the rules. The bill will enable unethical practices of securing contracts at unsustainable rates by consumers having an expectation that there is no risk with whomever they are doing business with because they have a state bailout fund that is ultimately being paid for by the businesses who are following the rules and not offering these unrealistic rates to being with. It is unfair, un-American and unethical. Let's not be reactive to bad business practices, but proactive on how business is to be done.

Robert Nason

Dutch Oil Co., Inc.

Written testimony of  
Stephen G. Rosentel  
President

Leahy's Fuels, Inc.  
130 White Street  
Danbury, CT 06810  
203-748-3539 Ext 208

General Law Committee

PUBLIC HEARING 4:30pm in Room 1a of the LOB

Tuesday March 11, 2014

CT General Assembly

**RB 299- Prepaid Consumer Heating Fuel Contract Guaranty Fund**

My name Steve Rosentel and I am the President of Leahy's Fuels, Inc. in Danbury. We are a fuel marketer selling both propane and fuel oil and have been offering prepay program options to our customers back to the days when customers could lock in for less than \$1.30 a gallon for oil. We never sell a fixed price gallon commitment that we don't own or fully hedge-I am not the problem. **But there is a significant problem in this area that needs to be addressed.** The guaranty fund is not the solution for the following reasons:

Impact on consumers-

- 1) **The fund will result in more defaults, not less,** by giving the consumer who would have otherwise not taken the risk of losing their money a false sense of security that they can recover all their money thereby making the "too good to be true" low price offer a perceived no risk deal for them.
- 2) **Unlike the other guaranty funds in the state, to the best of my knowledge, none has ever had a single company default resulting in claims in excess of \$1,000,000 which in the CT oil industry has happen at least 3 or more times.** Therefore, the \$5 million dollar fund could be wiped out by claims if not first taken by the state to balance the budget as has happened to a long list of funds that cannot pay the claims like the gasoline and dry cleaners cleanup funds to name just two.
- 3) **The charges assess to oil dealers will surely be passed through to all consumers whether they elect to enter into a prebuy or not** as the proposed bill will tax all HOD licensees whether they sell prebuys or not and this new tax is likely to increase for the reasons previously stated.

Impact on dealers-

- 1) **Increasing the number of lost customers to fly by night offers from dealers selling a "hope and a prayer". They hope the wholesale price markets collapses so they can deliver at the price quoted (highly unlikely) and they pray that they can get enough cash in the door so they can survive until the next season without customer complaints and being identified as a dealer who has broken the existing law.**
- 2) **Credit card claims for this repeated illegal activity will likely have an impact of the VISA and Mastercard fees the industry will be subject to raising the cost of doing business for all.**

**A proposed course of action:**

**A moratorium on taking customers prebuy cash from Dec 1<sup>st</sup> through April 30<sup>th</sup> combined with the existing limit of 18 months into the future will go a long way to prevent the companies that have been relying on the customers' money to fund their current expenses. A moratorium bill is moving through the New Hampshire legislature as we speak. This alternative protects the rights of customers that feel the prebuy program has served them well while giving the dealer the protection to cover liquidating damages for the customers who threaten to bail on their commitment when oil prices drop \$2 per gallon as has happened just a few years ago.**

**I am a long-time member of the Board of CEMA and the current Chairman of the Propane Gas Association of New England. Although the history, to date, has been only oil companies defaulting this recommendation has been endorsed by both industries because the propane dealers do not want to see marketers shifting to this method of operation which surely in time would yield the same result- unfair competition and costly losses to the CT consumers leaving the industry with a black eye.**

**Unfortunately I could not be there to deliver this testimony due to a family medical crisis; I will make myself available to answer any questions you may have by phone 203-748-3539 ext 208 or in person. Thank you.**

Tuesday, March 11, 2014

Regarding Proposed - SB 299

Co-Chair Paul R. Doyle

Co-Chair David A. Baram

Senator Kevin D. Witkos

Representative Dan Carter

General Law Committee:

I am submitting testimony in opposition to S.B. 299, AN ACT ESTABLISHING A PREPAID CONSUMER HEATING FUEL CONTRACT GUARANTY FUND.

I, David Sousa, representative for J&A Waterville Oil Service, Incorporated, member of Connecticut Energy Marketers Association and the Connecticut Better Business Bureau, strongly oppose this proposed bill that will adversely affect home heating oil dealers in the state of Connecticut. I am in line to be a third generation owner at J&A, and I represent the views and beliefs of current ownership. I feel that this bill is unfair to both companies and consumers for multiple reasons:

First, this bill unfairly places a stigma that all home heating oil dealers in the state of Connecticut have poor business practices, ethics, and are generally un-trustworthy. This is a terrible, stereotypical assumption and generalization based upon the actions of a minutia of all heating oil dealers in the state. To be categorized as a criminal because of the actions of a handful of individuals is, quite frankly, a slap in the face. Even worse, it is coming from the very state we all have lived in, paid taxes to, and supported, on a day in and day out basis, for decades.

Second, this bill would place an added burden and cost on home heating oil, not only to the dealer, but the consumer as well. In a time where home heating oil costs are as high as they are, it would be excessively detrimental to institute a tax that would make the cost of heating ones' home or business even more difficult. Home heating oil dealers would be made a scapegoat for someone's home freezing up; as opposed to the real culprit that instituted another tax burden to its people.

Third, the tax money from this fund that, ultimately ends up in the State of Connecticut General Fund, will be misappropriated; just as the funds from the tank law were. The State of Connecticut would not be holding this hearing if it were more concerned about ensuring that companies were using proper management, practices, and ethics. Policing should be through the Department of Consumer Protection or another entity. If the Department of Consumer Protection does not have enough employees to make sure everyone is playing by the rules, it is time the State of Connecticut considered hiring more employees for the Department of Consumer Protection. Understaffing, poor planning, and management by the state should not be home heating oil dealers' problem.

Fourth, the adoption of this bill will encourage even more theft and bad behavior. By incentivizing large companies to undercut smaller ones, fail, and then swoop in and reap the rewards via market share; the state would effectively be putting legitimate companies, albeit smaller ones, out of business. Most home heating oil dealers in this state are small, family owned businesses, not large, multi-state conglomerates. As such, the State of Connecticut would be putting these small businesses at an even greater disadvantage to large companies and Wall Street pressures.

In conclusion, home heating oil dealers should not be unfairly punished and discriminated against because of the actions of a few malicious individuals. The vast majority of us do things the "right way" on a day in and day out basis. Everyone in this room represents, at least, one legitimate company that is affiliated with CEMA and, likely, the Connecticut Better Business Bureau. If the State of Connecticut wants to get to the root of this problem, it should go after the greedy companies and individuals on Wall Street that control the price of oil via the commodities markets.

Please oppose S.B. 299, AN ACT ESTABLISHING A PREPAID CONSUMER HEATING FUEL CONTRACT GUARANTY FUND.

March 11, 2014

Co-Chair Paul R. Doyle

Co-Chair David A. Baram

Senator Kevin D. Witkos

Representative Dan Carter

General Law Committee:

I am writing this in strong opposition to the proposed SB 299. We have operated a family-owned heating oil and HVAC company in Monroe that my grandfather founded over 90 years ago. We have always operated in a very financially-sound and conservative manner. We also carefully hedge or protect all of our pre-paid consumer oil contracts as well as all of our other consumer pricing programs. We utilize the latest hedging management system which allows us to procure the proper wet oil contracts and options for all of our pricing programs. We have always complied with the current reporting requirements by the Department of Consumer Protection to show that we provide wholesale contracts for all pre-paid consumer oil contracts. The proposed fee of \$3,900.00 followed by annual fees of \$500.00 would be an incredibly unfair additional tax burden on law-abiding and responsible heating oil dealers such as ourselves. It would increase our operating costs and provide an unfair advantage to competing energy fuels. This bill would penalize all of the responsible and law-abiding heating oil dealers because of a dealer who has broken the law. Again, we strongly urge you to oppose this bill.

Please oppose S.B. 299, AN ACT ESTABLISHING A PREPAID CONSUMER HEATING FUEL CONTRACT GUARANTY FUND.

Sincerely,

David B. Sippin

President

Sippin Energy Products

234 Main Street

Monroe, CT 06468

dave@sippin.com

www.sippin.com

Lic#HTG 0403481-S1/ HOD #80



MARANDOLA FUEL SERVICE



91 KENT ROAD / NEW MILFORD CT 06776 (860) 355-4877

March 7, 2014

Re: Pre-Pay Guaranty Fund

To whom it may concern;

I would like to express my concerns regarding Bill SB299, an act establishing a prepaid consumer heating fuel contract guaranty fund.

- Requiring all registered heating oil dealers to contribute into this fund adds an unfair tax to dealers who do not sell prepaid contracts.
- It puts smaller companies at a competitive disadvantage. On my volume, it would add \$.035 cents per gallon to my cost.
- Out of all the registered dealers that have offered prepaid contracts in the state of Connecticut in the last twenty years, I can think of less than five companies that did not honor their commitments. Making everyone pay for a few "Bad Apples" is another unfair tax.
- The state currently has laws in place that we all are required to abide by. Taxing law abiding companies for acts of dishonest companies is another unfair tax practice.

Marandola Fuel Service has been selling prepaid contracts since 1995. We have always honored each customer contract providing them with the service they expect and as the signed - and what we consider binding - contract reads. With the cost of heating oil running on the higher side now as it is, it will put a considerable amount of pressure on dealers and our customers financially.

Warm regards,

Bob Marandola  
Managing Member



wessonenergy

March 11, 2014

Co-Chair Paul R. Doyle  
Co-Chair David A. Baram  
Senator Kevin D. Witkos  
Representative Dan Carter

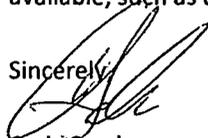
General Law Committee:

On behalf of Wesson Energy, which serves customers in the greater Waterbury area, I am submitting testimony in **opposition to S.B. 299, AN ACT ESTABLISHING A PREPAID CONSUMER HEATING FUEL CONTRACT GUARANTY FUND.**

There are a number of grounds upon which guaranty funds fail. They fail to offer true protection to consumers since, by creating a kind of "safety net," such a fund actually encourages risky and speculative behavior both by consumers, who are incentivized to find the lowest cost product without doing any due diligence; and by dealers who may no longer secure their products with wet barrel contracts or hedges since they know a fund will now "protect" consumers. As we've seen such funds in action, from the BP Gulf fund to various insurance and pension fund guaranties, they are highly prone to claims disputes, fraud, and legal action, as well as administrative cost overruns. These lead to frustrated consumers unhappy with the fund or their claims outcomes. As a result, such funds are economically inefficient, and are plagued with both cost overruns and funding deficiencies resulting in ever increasing levies on oil dealers to keep the guaranty fund solvent. Connecticut's own experience with funds is miserable. Wesson Energy used to own gas stations and so we are very familiar with the Tank Fund.

This tax on gasoline at the wholesale level was entirely passed on to consumers and the tax itself, which collected hundreds of millions of dollars, rather than going to pay for environmental claims, now entirely goes into the state's General Fund. Finally, there is the matter of equity. Why should Wesson Energy, which follows all the laws and regulations of our industry, and which is an innovator in providing home comfort solutions to our customers, support, and indeed encourage, the risky behavior of other oil dealers paying into this fund. As a Waterbury company, we are well aware of risky, even fraudulent behavior. But this fund will not cure such behavior, nor will it be the panacea for consumer that the bill's framers may hope for, for the reasons noted above. We believe there are many other safeguards available, such as those proposed by CEMA, that will be more effective in protecting consumers.

Sincerely,



Craig Snyder

President Wesson Energy

March 11, 2014

Co-Chair Paul R. Doyle

Co-Chair David A. Baram

Senator Kevin D. Witkos

Representative Dan Carter

General Law Committee:

I am submitting testimony in opposition to S.B. 299, AN ACT ESTABLISHING A PREPAID CONSUMER HEATING FUEL CONTRACT GUARANTY FUND.

My name is Cameron Condon and I am the business manager of Eastern Fuel, a 5<sup>th</sup> generation family owned heating oil company in Hamden that is in its 124<sup>th</sup> year of operation. Eastern Fuel does offer price protection plans to our customers but does not offer a fixed price/Pre-buy plan. I oppose SB 299 and its creation of a guaranty fund as I feel our company and our customers should not be penalized for a product we do not sell. I feel the proposed bill is the result of one competitor that did not follow the existing law and/or that the law was not properly enforced. This bill and the fund that it will create, will do nothing to prevent the circumstances like the customers of Ace oil suffered from happening again but rather put an additional financial burden on law abiding companies that honor contracts and laws.

Even though my company does not offer a fixed price/pre-buy program it is not because the design of these programs is unprofitable or financially risky. In fact, if the current law is followed and properly enforced a fixed price/pre-buy program should create price stability for both heating oil dealers and consumers in a volatile energy market. I will not get into my opinion about pre-buy plans or how successful a properly run fixed price/pre-buy program can be when the laws regarding these plans are followed as I expect you will hear from the hundreds of oil dealers in this state that have been offering these programs successfully year after year for decades.

The heating oil industry in this state is primarily made of family owned businesses that operate on cents per gallon. These family owned companies are already burdened with existing taxes, fees, rising insurance and many other costs that are paid so we can operate our businesses under both federal and state laws. The proposed annual fee to fund SB 299 will most likely be passed directly back to the consumer as the high costs to run a business in this state are already challenging enough. Any additional fees or taxes imposed on this industry will likely be recovered in higher delivery retail prices.

My opposition of this plan comes directly from my customers – residents of New Haven County that are tired of seeing their cost of living constantly being taxed. Since my company does not offer a fixed price/pre-buy plan I conclude that my customers do not want a fixed price/pre-buy – if they did, they would probably be a customer of a company that does offer these plans. If this bill were to pass, my customers, who do not want a fixed price and do not want to pay for their fuel up front will ultimately be paying for those customers that do business with companies that do offer a pre-buy. This would be like charging a non-smoker a cigarette tax or requiring someone to pay for a fishing license even if they do not fish.

Please oppose SB 299 and consider alternative solutions proposed by our industry's heating oil associations. The regulation of pre-buy plans can be addressed without creating another tax.

Sincerely,

Cameron Condon

March 11, 2014

Thank you for hearing our concerns regarding S.B. 299 and the negative effect it will have on our industry.

**First of all, the current law is the RIGHT ONE:**

- a. The current law requires companies to purchase their prepay gallons via an industry mechanism that follows best practices. This includes locking in fixed price supply with a supplier; purchasing and storing physical inventory; or hedging the gallons with a registered trading company. **The solution is to enforce this law! The biggest exposure an oil company can have to being out of position and unable to deliver gallons is to be "uncovered" in the market. If a company follows industry best practices and locks in oil sold - the exposure is eliminated.**
  - i. To my recollection, DCP has sent only 2 letters to oil dealers requesting confirmation of abiding by the law. The first came the year the law was written. The second came this fall after the recent oil company bankruptcy.
  - ii. Senator Dante Bartolomeo met with Tuxis-Ohr's and Roman Oil both out of Meriden and we discussed the "inner workings" of heating oil companies with her. She left with the intention of asking that DCP be REQUIRED to mail these law-abiding letters every year. **We truly believe the law the way it is written is the correct one and the solution can be that DCP follow their guideline to mail the letter every year.**

**Guarantee Fund – It is unrealistic and problematic.**

- a. If this a cent per gallon charge on home heating oil gallons, it is essentially like a tax that will be paid by every user of oil.
- b. Putting monies collected into a "FUND" for prepay gallons sold but not delivered does not solve the issue with companies potential bankruptcy problems. **(Locking in fuel prices will prevent bankruptcy!)**
- c. Unlike the housing industry with many contractors, there are only 600 registered heating oil dealers. In the past 100 years, the successes of heating oil companies far exceeds the few bad companies. Collecting this fund over the course of the past 100 years would have been unjust and will prove to be unjust in the future.
- d. We believe it is immoral to make responsible companies pay for the behavior of irresponsible companies.

- e. It removes one of the disincentives to bad behavior as a company if such company takes the stance that the homeowner "won't get hurt" because of a bailout fund.
- f. It encourages a homeowner to take an abnormal risk by signing up for something that could be an "absurdly low price out of season," because that homeowner knows they are protected if they take that risk.
- g. The provision allowing for any excess funds to be added to General Fund is another example of attacking our industry with a hidden tax.

**Alternative Solutions:**

We have been working closely with our legislators on ways to help DCP enforce the current law since it is the correct law!

The most notable suggestion is a **Seasonal Moratorium** – Ban the sale of prepay contracts from Nov 1 – April 30 of each year. Heating oil dealers will be unable to "raise money" during the heart of the heating season and use that money to pay for current fuel bills. By waiting until May 1<sup>st</sup> to offer prepay contracts, dealers will be forced to pay their current heating season bills with current funds (not funds used for future purchases.)

There are other ideas that have been raised and as an industry we are happy to work on the best ways to protect the consumer while allowing small business to succeed.

However, I must reiterate that the current law is a **necessity** and the government cannot bail itself out by trying to offer up other legislation. We will work together to make the current law work and protect consumers and small businesses at the same time.

Thank you for your time,

Kate Childs  
Vice President  
Tuxis-Ohr's Fuel, Inc.

Testimony of  
David Gable  
President  
Hocon Gas, Inc.  
6 Armstrong Road 3rd Floor  
Shelton, CT 06484  
203-925-0600

General Law Committee  
Public Hearing Room 1A  
Legislative Office Building  
Tuesday March 11, 2014  
CT General Assembly

**(Raised) S.B. No. 299 AN ACT ESTABLISHING A PREPAID CONSUMER HEATING FUEL CONTRACT  
GUARANTY FUND.**

Senator Doyle, Representative Baram and members of the General Law Committee, my name is David Gable. I am the President of Hocon Gas, Chairman of the Connecticut Legislative Committee of the Propane Gas Association of New England (PGANE) and a past President. Hocon Gas has been in business over 60 years with 120 employees and 5 CT distribution locations. We have never sold a fixed price option to a customer without being fully hedged. Our company has always obeyed the law when protecting the vital interests of our customers especially when they elect to purchase fixed price products from our company. We are extremely disappointed that some companies in the past have ignored the law and hurt consumers in our state.

We oppose this bill in its present form. Although S.B. No. 299 on the surface appears to be a remedy for consumers, it will actually hurt them by increasing the costs to all consumers and potentially increase the success rate of bogus offers from mal-intended home heating fuel suppliers. Bogus offers are what hurt consumers in the past, increasing these kinds of offers in the future, cannot be a good thing. More people will take the risk knowing that the State will make them whole if the dealer fails. It is tantamount to gambling at Foxwoods or Mohegan Sun with the taxpayers' money!

Instead of requiring a guarantee fund, we would suggest our already established laws be strengthened by adding a **MORATORIUM PERIOD** not allowing Prepaid Fixed Price Contracts to be sold from December 1<sup>ST</sup> to April 30<sup>th</sup> of each year. This moratorium period will weed out "*the too good to be true*" product offers and deny poorly run companies the funds to perpetuate poor business practices during the winter months of operation.

Strengthening our existing laws by adding a **MORATORIUM PERIOD** combined with greater enforcement of our current laws we will eliminate the need for a Guarantee Fund and all of its associated costs while allowing consumers fixed price contracts for those who want them.

This concludes my testimony and I would be happy to answer any questions you may have.



March 11, 2014

Co-Chair Paul R. Doyle  
Co-Chair David A. Baram  
Senator Kevin D. Witkos  
Representative Dan Carter

General Law Committee:

We are submitting testimony in **opposition to S.B. 299**, AN ACT ESTABLISHING A PREPAID CONSUMER HEATING FUEL CONTRACT GUARANTY FUND.

The Connecticut Energy Marketers Association (CEMA) represents 576 petroleum marketers and their associated business in Connecticut. CEMA members employ over 13,000 people in our state.

Since the passage of the heating oil dealer registration law in 2000, our association has worked cooperatively with the Department of Consumer Protection (DCP) and the Office of the Attorney General (AG), to adopt practices that maximize protections for consumers and minimize the administrative and financial impact on local family owned businesses.

Our industry understands the issue you seek to address, but we believe that it can be accomplished another way. The creation of a guaranty fund and a tax of \$3,900 per HOD is not a solution – it may even provide incentive for consumers to chase “to good to be true” prices with the knowledge that it is backed up with a fund to protect them. It may also provide unscrupulous dealer’s incentive to go out with offers that they will never be able to honor.

The cost of a guaranty fund will punish hundreds of hard working family owned businesses and drive up the cost of fuel to consumers

We are here today to ask that you work with us to implement a seasonal moratorium that would prohibit HOD's from offering prepay contracts during the heating season. The small number of failures that we are aware of all have a couple of things in common:

1. They do not follow the law to obtain and maintain a futures/forwards contract to secure their oil for their customers;
2. When they run out of cash to pay their bills they sell prepay contracts for the next year, when they are in the middle of a heating season.

We believe that with some addition language in the law we can help prevent these failures in the future. We suggest that the following changes be made:

- Implement a seasonal ban on offering any prepaid contracts;
- Require the Department of Consumer Protection (DCP) to send prepaid contract audit forms annually to HOD's to determine compliance with the law;
- Requires DCP to refer to the Attorney General any registered dealer who fails to provide the required audit report or who makes a false statement on the required report and provide that a violation of any of the requirements is a violation of the Connecticut Unfair Trade Practices Act;
- The new law requires that the annual audit report be made on a form provided by the commissioner and that the form conspicuously note that a false statement made on the form is punishable as a Class D crime. The audit report must be signed by the dealer, or if the dealer is a corporation, the report must be signed by either the president or an officer of the corporation and include a list of all of the members of the board of directors of the corporation;
- Requires mandatory interagency sharing and sending of important flag-raising information – ie. DRS to DCP all tax arrears and & DOI to DCP all insurance arrears;
- Increases all fines and penalties for HOD's that offers prepaid contracts;
- Require open and transparent on-line, real-time public access listing the dealers for CT Consumers who offer prepaid contract and are in compliance with the law;
- Requires HOD's to register the dealer's intent to offer prepaid contracts with the DCP by June 30th of each year;
- Requires HOD's to file an annual report with the DCP by October 31<sup>st</sup> of each year indicating the manner of compliance;
- Provide notice (ie. letter/language) to prepaid customers instructing them about credit card payment and benefits of purchasing that way, how the law applies to prepaid contracts, and the consumers rights and responsibilities.

We believe that this additional language will go a long way in protecting consumers without increasing costs to businesses and the price of fuel.

We would like to continue to work with this committee and DCP on these proposals as the legislative session continues.

CEMA asks that the General Law Committee to **oppose to S.B. 299, AN ACT ESTABLISHING A PREPAID CONSUMER HEATING FUEL CONTRACT GUARANTY FUND** and adopt the suggestions we provided in our testimony.

Respectfully,



Christian A. Herb  
President

Guy's Inc.  
P.O. Box 81  
87 West Main Street  
Niantic, CT 06357  
(860) 739-8700 CT License # 305555 / HOD.000154

To Whom It May Concern:

I am writing to you today in opposition of SB 299 an act establishing a prepaid consumer heating fuel contract guaranty fund. A guaranty fund harms both the consumer and businesses alike. Whether a consumer takes part in a prepaid program or not, the costs will be passed on to all heating customers. The costs may appear manageable now, but the tax that started the underground storage tank fund began at 3% and is now 8.81%. The costs for that fund are out of control and the tax collected, 26 cents per gallon of gasoline, does not even go to the Tank Fund anymore.

As we all know, Connecticut is already one of the most expensive states in which to conduct business. My parents started our family business in 1939. We are celebrating our 75<sup>th</sup> year, but I keep wondering just how much longer the company can survive in a state where we continually have to comply with burdensome regulations and programs - especially ones that do not solve the problem at hand and just add to the cost of doing business.

A Guaranty Fund will incentivize consumers to shop for unrealistic low prices instead of good value and security - leading too risky purchases of "to good to be true" offers.

The bill starts with a \$3,900 tax and then assesses a \$500 annual fee. - how much will that fee be 10 years from now??? Are we looking at yet another Tank Fund!

As a law abiding business owner and tax payer I should not be penalized financially because of a competitor who did not follow the law. So now we are penalized even further for conducting business properly and abiding by the laws established in the State of CT.

We oppose SB 299!

Respectfully submitted,

Richard Gada Jr.

Apple Oil Company  
West Haven, CT  
HOD# 374

February 25, 2014

Dear Members of the General Law Committee:

My name is Sharon Peterson; I work at my family business, Apple Oil Company, located in West Haven. Apple Oil has been in business for 35 years; we build single-family homes and sell home heating oil in New Haven and Fairfield County.

I am here today to testify in opposition to SB 299.

My opposition hinges on the following major points:

1. A guaranty fund is the wrong mechanism for the intended purpose. This type of fund provides essentially a state funded insurance program for the bad behavior of a few individuals, ultimately providing incentive for the very behavior it is intended to stop. A bail out program, after the fact, is not the answer.
2. To apply a fee of this sort amounts to a tax on a commodity, which will only cause more harm (through increased costs) to all consumers. Consumers will ultimately will be paying for the failure of a few and for the decisions some consumers make willingly to pre-buy their oil.
3. This type of fee is regressive in nature: small companies pay as much as large companies.
4. The history of the tank fund and the language of this bill itself allows for the fund to be used for general budget purposes, contrary to the intent of the bill.
5. The fund would charge every company whether the company sells a pre-buy program or not, passing this cost onto customers who do not choose a pre-buy option.

I would ask that this bill be opposed and that we all work together to find a solution that does not add costs to consumers and small businesses. Such a solution should incorporate clearer documentation and enforcement of current legislation for prepaid contracts, disclosures to consumers regarding the risks involved and credit card protection, and seasonally timed mandates for offering the contracts.

Thank you very much for your time and consideration.

March 11, 2014

Co-Chair Paul R. Doyle

Co-Chair David A. Baram

Senator Kevin D. Witkos

Representative Dan Carter

General Law Committee:

I am submitting testimony in opposition to S.B. 299, AN ACT ESTABLISHING A PREPAID CONSUMER HEATING FUEL CONTRACT GUARANTY FUND.

I am writing to you regarding SB 299 and want to make it clear that we vehemently oppose this bill.

We do not think it is reasonable or fair to ask reputable dealers like ourselves (and the many others that operate in the State of CT) to pay into a Guaranty Fund to protect consumers from a minority of companies who either broke the law or have operated beyond their means. In fact, it appears that with this bill, the State would actually be penalizing the consumer as companies would simply have to pass this cost onto their customers.

We are one of the largest oil dealers in CT and we do not offer a prepay option. Why should thousands of our loyal customers subsidize an insurance policy for the actions of unscrupulous companies and for a product in which they do not participate? It is just not ethical or professional. While we realize many reputable companies offer prepay as a legitimate option for their customers, it is our opinion that there are also some that offer it as a means of cash-flow funding.

A guaranty fund interferes in the competitive marketplace and has the potential to make the situation worse. It may drive consumers to search for unrealistically low prices and will give them a false sense of security when placing the care of their homes in the hands of a supplier to which they may not have complete confidence. We pride ourselves on our reputation and believe consumers should be encouraged to seek out a reputable provider that offers a fair price and a true value.

In closing, we'd ask the leadership at CEMA to work with the General Law Committee to find an alternate solution that does not increase costs for CT consumers.

If you'd like to discuss this please do not hesitate to contact me.

Sincerely,

Joseph R. McDonald

V.P. Sales & Marketing

Star Gas Partners, L.P.

2187 Atlantic St.

Stamford, CT 06902

Direct (203) 325-5410

[jmcdonal@stargaslp.com](mailto:jmcdonal@stargaslp.com)



March 11, 2014

**To: General law Committee – SB 299, Guaranty Fund/Tax hearing March 11, 2014.**

**From: Ted Giannitti, CFO Gault Energy**

Members of the General Law Committee and representatives of our State, I write this letter today in strong opposition to SB 299 as it relates to the creation of a prepaid consumer heating fuel contract guaranty fund. I oppose this proposal for several reasons.

First and foremost, this proposal does nothing to attempt to prevent the wrongdoers from not following the rules. It simply masks them, by creating a tax on the good guys who play by the rules, in order to later pay for the harm caused by the bad guys. That's not good policy. I can only hope that our police officers and other intelligence and enforcement positions across the state and our country don't behave in this manner. The point is, your goal and your job should be to stop the bad guys from harming the public, in this case monetarily by not properly hedging the price programs that they offer.

Second, we are already required to submit to the state the exact number of gallons that we have sold on price programs, and the number of gallons that we have bought or secured to protect the gallons on price programs. The theory was that the people at the state were monitoring to make sure that all heating oil dealers were properly securing gallons sold on price programs. It sounds like this exercise and requirement of the state is not properly protecting the consumer as intended. Why would we then trust that paying money into a fund managed by these same people is going hold up for its intended purpose?

Third, what this bill represents is yet another tax on family held businesses. Regardless of how many people move out of our state, and how many business move out of our state, or even how many entrepreneurs choose to start up businesses in other states from the onset, the state of CT continues to create more and more taxes, fees and regulations to make it tougher and tougher to conduct business in this state. The family run businesses in this industry employ mostly "middle class" people. This is the exact class of people that the politicians and state reps are constantly talking about, and yet with each successive tax and fee that our business gets burdened with, it continually chips away at our ability to hire people, to better compensate people, and to offer better benefits to our people. This concept seems all but lost on the good folks at the Capital.



Fourth, the proposal already provides that when funds raised through this new tax exceed the goal of five million dollars desired for the guaranty fund, that any money beyond that goes into the general fund. Are you kidding? So rather than reducing, stopping or refunding the excess fees, the state is already providing that they'll be able to spend it elsewhere on some other unrelated matter. This aspect of the proposal is truly incomprehensible and I believe a window into the motives and mindset of the people sponsoring it.

For all of those reasons, I am 100% opposed to this proposal. While I'm not in favor of government inserting itself into the private affairs of consumers and businesses, if the government needs to do anything in this regard, how about this proposal. Hire one more state employee, at \$50,000 per year. Have that person go in to each heating oil dealer and make sure they are properly hedging and protecting the consumers who are on price protection programs. Not just prepaid programs, but all price protection programs. Let's say the total cost of this person's job is \$75,000, that's \$125/year for each of the 600 heating oil dealers in our state (a lot less than \$3,900). Then, the state of CT find and hold the businesses improperly running these programs accountable and can post a list on their website, of reputable heating oil dealers who consumers should feel confident in doing business with. In this way, the state is working *with* businesses, and helping to *protect* the consumer, and doing it all *BEFORE* there's a problem, and doing everything they can to *PREVENT* the issue, rather than creating a tax on the good guys, to create a fund to alleviate wrong doings done by the bad guys.

## *Tracey Energy Services*

New Haven, CT

(SB 229)

I am writing to oppose SB 229, An Act Establishing a Prepaid Consumer Heating Fuel Contract Guaranty Fund.

As owner of Tracey Energy Services, a third generation New Haven fuel oil company established in 1931, while I understand the concern the Legislature has for the past irresponsible, at best, or criminal behavior of a few of my competitors, I do not feel that my company, and my customers, should be penalized for the wrong doings of others. Nor should any other fuel company who either does not offer prepay contracts, or who is fiscally responsible be penalized as well.

I have offered prepay programs for over 10 years, and have always in a responsible and honest manner, as have most of the companies in this industry. A majority of us are family owned business, just like mine, and our name and reputation are as important to us as the fact that the business serves as our livelihood.

The State already has in place requirements, which we follow, which requires fuel oil dealers to cover prepay fuel oil contracts with either paper or liquid product. As a fuel oil dealer, if I choose to offer prepay contracts, I am responsible for securing product for delivery, at an agreed upon price to my customer, with a fair business profit. In general, as an industry of responsible oil dealers, we do not gamble on the market in hopes that the market will fall and we will reap more profit from our prepay customers. And, if we should even consider this concept, the State's current law would prohibit that behavior.

Rather than "taxing" all fuel oil dealers as a result of the failure of just a few, which would then financially affect all oil customers as the cost would most assuredly be passed along to them, I would agree with our Association's recommendations at it pertains to those companies who do **choose to offer a prepay contract** to their customers

- Mandates a Seasonal ban on offering any prepaid contracts for home heating oil, kerosene or liquefied petroleum gas from Nov 1 to March 31.
- Requires mandatory interagency sharing and sending of important flag-raising information – (DRS to DCP all tax arrears and & DOI to DCP all insurance arrears)
- Require open and transparent on-line, real-time public access listing the dealers for CT Consumers (ie: who has filed forms and has provided DCP with evidence of registration and procurement of home heating oil, kerosene or liquefied petroleum gas for the upcoming season as it pertains to prepay contracts)

I hope that SB229 is reconsidered by Connecticut Legislature and that the State puts into effect the law that is currently on the books.

Respectfully,

Jennifer A. Tracey-Carlo  
Owner