



February 10, 2009

Co-Chair John Fonfara
Co-Chair Vickie Nardello
Senator Kevin Witkos
Representative Sean Williams

Energy and Technology Committee:

I am submitting testimony in **opposition to H.B. 6001, AN ACT PROHIBITING THE TERMINATION OF NONREGULATED UTILITIES DURING THE WINTER HEATING SEASON.**

The Independent Connecticut Petroleum Association (ICPA) represents 550 petroleum marketers and their associated business in Connecticut. ICPA members employ over 13,000 people in our state and provide our fellow citizens with gasoline and heating oil.

Webster dictionary defines "sale" as *an agreement in which property (in this case heating oil) is transferred from the seller to the buyer for a fixed price in money, paid or agreed to be paid by the buyer.* This bill fundamentally compromises Webster's definition and in this case may destroy family owned heating oil dealers.

582 registered heating oil retailers in Connecticut employ a large portion of the 13,000 people who work in our industry. These retailers are required to have credit lines with wholesale suppliers and financial institutions because local retailers have to pay their wholesale suppliers for their heating oil either as their trucks are loaded or within 5 to 10 days of loading. Consumers, on the other hand, generally take 30 days to pay for their fuel purchases. That difference of a few weeks is why we need to be able to borrow money to pay our suppliers – as consumers take a month or so to pay their bills.

If a portion of every retailer's customer base doesn't have to pay their bills during the winter – how will we be able to pay for borrowing money- or borrow at all – or pay wholesalers – or our taxes, insurances, vehicle costs, employee overhead and everything else it take to run a business today – plus the cost of the doubling of every one of our state license registration fees now being considered?

Borrowing money is not the answer. ICPA led a group of similar associations to meet with the Department of the Treasury last November to bring to the attention of the Treasury the plight of small businessmen and women trying to borrow money from financial institutions in the midst of one of the worst credit crises since the 1930's. Last week we learned that despite the \$350 billion in taxpayer bailouts from last fall and another \$350 billion to be addressed today by the new Treasury Secretary under the Troubled Assets Relief Program [TARP], according to a survey of the Federal Reserve, **80% of banks had tightened lending standards** on commercial loans, **60% of banks had reduced commercial lines of credit**, and the survey also found that **domestic banks had reduced the size of existing credit lines** for all major types of business and consumer customers.

Natural gas and electric utilities have a no-shut off rule because through the DPUC ratemaking process they are allowed to calculate the cost of some of their customer base not paying their bills and the DPUC **allows for everyone's rates to rise as a result – so every who pays their**

bills contributes to pay for those who don't. This works because consumers have no choice but to buy gas from the utility company that serves their home.

In the absence of competition and the ability to raise the cost of fuel to paying customers a "no shut off" policy can work. In the home heating oil industry, where customer choice is plentiful and competition exists, no such system is in place. If enough heating oil customers do not pay their bills the dealer has no way to purchase additional oil for delivery.

The retail heating oil industry works tirelessly to serve their customers to ensure that they are warm. Participation in the Connecticut Energy Assistance Program, Operation Fuel, Citizens Energy among other assistance programs along with the generosity of local heating oil dealers have established a strong record of serving 680,000 families in Connecticut.

Requiring any retailer of any product to give their product away without payment would ultimately result in the retailer going out of business. The heating oil business is no exception. No one can walk into Stop & Shop and take the food they need without paying for it.

ICPA asks that the Energy and Technology Committee **oppose H.B. 6001, AN ACT PROHIBITING THE TERMINATION OF NONREGULATED UTILITIES DURING THE WINTER HEATING SEASON.**

Respectfully,



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Associate Director