Testimony for Feb 26, 2009
Raised Bill 6518: An Act Concerning The Fair Pricing of Gasoline Pricing

Ladies and gentlemen,

My name is Catherine Barber. I chair the Connecticut Legislative Committee for the New England Convenience Store Association. Representing over 400 convenience stores, 80% of our members sell gasoline. NECSA members include single store operators, multi-store operators and large chains.

Also, I am the CT Sales Manager for Leonard E. Belcher, Inc, an 80-year-old family owned distributor selling fuel to many small station owners. We operate several CT company-owned locations as well.

NECSA and L. E. Belcher, Inc **oppose R.B. 6518**. The proposed gasoline pricing required under this Raised Bill will not, in and of itself, result in overall across-the-board lower gas prices to retailers or even consumers in CT. Eliminating what is commonly referred to as Zone Pricing will not result in overall lower gasoline prices in this State, or in any specific area of the State. **Zone Pricing does NOT effect all stations in CT, in fact, it effects very few dealer locations. This proposal benefits a certain unique group of dealer-operators. Dealers will still set retail prices according to the competitive retail market in which they operate even if regulations change their cost formula.**

Not every gasoline station is equal and having equal wholesale prices for all simply does not reflect business reality. Real estate taxes, for example, differ from town to town. Some of us own stations and pay for our own tanks, pumps and environmental expenses. Others do not own the station they operate but seek to enjoy the benefits of those who do.

We ask you to vote **against** this Pricing legislation for the following reasons as well:

We believe the Governor should determine or declare periods of emergency or abnormal market disruption.

We oppose language referring to imminent market disruption and unconscionably excessive price. We believe these concepts need to be clearly defined in order to be enforced.

In Line 108, we're concerned about possibly prohibiting a Retailer from raising his posted retail price in anticipation of market based increases. It will, quite simply, close a significant number of gas stations. In a rising market, many dealers will be unable to afford the next delivery.

Regarding lines 114-117: Restraining retailers' ability to change prices according to anticipated inventory costs or to reflect retail market changes wreaks havoc with the law of supply and demand. In a rising market, if my neighbor station buys a new load at a higher price and raises his price, I will be held to my lower street price and attract more customers and, most likely, run out of gas before my next load is delivered. If I haven't ordered a load in 10 days, my new delivery could conceivably cost me $1000.00 to $2,000.00 more and where is that supposed to come from? Few retailers have the cash flow or the profitability to sustain such constraints for very long.

By implication, the proposed bill allows me to drop my price on existing inventory when the market declines. I would have to do that to get rid of existing higher priced gas, really forcing me to lose margin in a declining market while preventing me from making margin on the upside. This is the making of a lose-lose situation.

Section 3 sets the stage for havoc in the gasoline retail market. It could force out many current operators and, easily, lead to significantly higher gas prices in this state. If this bill purports to keep prices lower, it will definitely not accomplish that. Please vote **against** House Bill Raised Bill 6518. Thank you.