

Testimony on ~~Raise Bill no. 6518~~

Good Afternoon Chairman Colapietro, Chairman Shapiro, and to the rest of the members of the general Law Committee.

I would like to take this time to thank the law committee for this opportunity to speak in opposition of Raise Bill no. 6518

My name is Tony Bonito.

I have owned and operated gas stations in the State of CT for the last 15 years. I currently own and operate three retail gasoline stations in Connecticut. Two of my stations are Mobil Stations located in South Windsor; my third station is an Exxon station located in Bolton CT.

My two Mobil stations are supplied through the use of Zone pricing. My Exxon Station is supplied by Alliance energy where I have a rack plus 02.5 plus transportation (.04) deal.

It has been my experience over time that the zone pricing I have received at my Mobil Stations has been cheaper than the gas that I have received on my Rack Deal. Over a 5-year period of time the cost of gas at my Mobil stations have averaged about 6 cents per gallon cheaper than the cost of gas at my Exxon Station.

It has been my experience at my Exxon Station that in a downward market, retail prices catch up to wholesale drops very quickly. For example if the rack goes down by a dime most of the retailers in the area will go down by a dime or so in the next couple of days. Conversely in an upward market retail prices have not kept up wholesale increases. For example if rack goes up by a dime it could take weeks for retailers in the area to go up by that much.

To put it another way: I have had not nearly enough days that I have made 20 cents per gallon to make up for the number of days that I have made 2 cents per gallon at my Exxon Station. I can tell you first hand that it is hard to run a gas station for any length of time on 2 cents per gallon.

Zone pricing has done two things for me as a Mobil Dealer.

First, it levels out the volatility in the market for me as a Dealer. When the Rack price goes up quickly my Zone price generally goes up slowly. Conversely when the Rack price goes down quickly my Zone price goes down slowly. As a Zone price Dealer I don't have any 20-Cent per gallon days but I don't have any 2-Cent per gallon days either.

Secondly and more importantly Zone pricing allows small independent dealers like my self to be able to compete with large discount gasoline chains and hyper marketers. Zone