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HEATING • AIR CONDITIONING • TANK REMOVAL

February 17, 2009

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

Energy and Technology Committee - Good Morning:

My name is David Foster, President of Wilcox Fuel, Inc. and Old Lyme Oil, Inc. We are a residential home heating oil company based in Westbrook Ct. Serving the shoreline community. I am a S Licensed home heating professional and serve on the State of Ct Heating, Cooling and Sheetmetal Licensing Board as a contractor member. I am also a past president of the Independent Connecticut Petroleum Association. My expertise is in oil heat, oil delivery and the harnessing of it's energy to keep your homes warm and comfortable with plentiful hot water. I AM NOT A FUTURES OPTIONS COMMODITY BROKER OR COMMODITY TRADING PROFESSIONAL.

I am here today to ask you to vote in favor of Bill 506 an act prohibiting certain contracts for home heating oil. These contracts are detrimental to both the Independent Oil Company and the consumer. They require both parties to enter into the high risk business of Futures and Options Trading of heating oil on the NYMEX. This commodity business should be left to licensed commodity professionals who understand these risks. The consumer and the oil companies do not understand the catastrophic effects drastic price swings can have on their financial well being until it is too late in these wild swinging markets. This past year we saw oil fall like a cliff diver from its highs of near \$5.00 per gallon to its present level in the mid \$2.00 /gallon range. Consumers who locked in their gallons in the mid \$4.00/gallon range are paying a premium for their fuel compared to today's prices. That is of course if, the consumer actually honors their contract and does not purchase oil from another oil company at a cheaper rate leaving their oil company with the high price oil causing sever financial damage to that company.

The 2007-2008 heating season saw the opposite volatile swing with the price of crude per bbl rising from the \$70.00/bbl to the unprecedented historical high of \$147.00/bbl. Companies who wrote these contracts but were under hedged on their supply end took huge financial losses, many failed and consumers investments were lost. An example is F&S Oil Co. of Waterbury. Over 3 million dollars of consumers money was lost, 75 people lost their jobs, and the tens of millions of dollars they owed to their oil suppliers, insurance companies and the banks they borrowed money from went unpaid.

Your comfort is our concern!

The reason these contracts are detrimental for both the consumer and the dealer is they require both to engage in transactions of HIGH RISK futures and option commodities. Even though full disclosure statements are signed by both parties disclosing the risk – many do not understand it or the cost associated with the risk. Many oil dealers –who are not Commodity Professionals, do not understand the leverage a huge market swing can have on their margins. Companies go out of business, jobs are lost, families suffer and the consumer loses their investment. When the contract price does not go in favor of the consumers they break their legal obligation to honor their contract, causing legal action by the company and consumers complaining to the Department of Consumer Protection.

I urge you to vote in favor of Bill 506, to protect the consumer from the high volatility of the commodities market and enable me to focus on my profession – keeping CT homes comfortable and warm with clean, efficient, renewable oil heat

Respectfully,

David Foster
President
Wilcox Fuel, Inc. &
Old Lyme Oil, Inc.