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Sunday, September 30, 2012

RE: Public Hearing Testimony

To Our Elected Officials:

As all of you should know, the volatility of the commodities is an increasing challenge to all businesses and municipalities. Due to this market volatility, it has caused our suppliers to demand payment within 9-12 days. The current structure of the state of Connecticut's Energy Assistance Program is broken. The amount of time the state is allowed to pay vendors is no longer acceptable. As a small family business in Hartford, being partners with the Energy Assistance Program for over 20 years, we are finding it very challenging to be able to continue to partner with the state program.

Why is it that vendors for deliverable fuels must wait to receive payment for oil delivered at your fixed margin, which is a lower rate than you can get selling oil c.o.d., when the utility companies are paid their retail price. We have to settle for a lower rate, and we have to wait on payment. We have been working on the same margin for the past 4 or so years, and why is that? Why is it that you don't realize that everything has increased in price? The cost of insurance, the cost of diesel fuel, the cost of business itself. With the increases that we face, it is difficult enough that the state doesn't feel that the margin should increase. Have you not either taken into consideration that when the market goes up we receive mid-day moves from our suppliers; the average low today is what will be paid tomorrow, based on the 2pm New Haven Harbor average low. So when we have more than one move, the fixed margin goes down. Be aware that when the market goes down, we NEVER receive mid-day moves down. So with all that being said, the payment structure is not updated as with the times. We have had to alter the way we do business, as all other businesses have to also, because of the times. If you have ever wondered why the big oil companies have opted out of the Energy Assistance Program, it is because we don't make any money. You need us, the private oil vendors to take part in this program, as much as we need the state to help our communities less fortunate citizens, the ones that elected you.

The State has a program for food stamps. An EBT card with a specified amount to be used on only what the program allows and nothing else. Why can't the State use this for energy? The system is in place already. Use an EBT card with the funds allotted to the individual for use only on the deliverable fuel? Why is it that CRT has the funds from DSS EFT'd into their account and CRT cannot EFT the vendors their money? Food for thought. If we have to accept a low rate already, why make us wait for our funds? Something else for you to think about, we receive authorizations from CRT and the money isn't even there yet. Why can't the funds be released prior to the start of the program to allow everyone to be ahead. When the first slips are received at CRT the money is already there, as not to delay payment.

The average time of payment received from time of the authorization is 21 days, which does not meet the restrictions placed on us by our suppliers.

Thank you for your time
Lemay Oil Company