

An Act Concerning Residential Heating Oil and Propane Contracts

SB 207

Testimony before the General Law Committee

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Good morning Senator Doyle and Representative Taborsak and other distinguished members of the committee, my name is Steve Rosentel and I am the President of Leahy's Fuels, Inc. in Danbury, CT. We are in the retail propane gas and fuel oil business for over 80 years. I am a member of the boards of both the ICPA (Independent CT Petroleum Association) and PGANE (Propane Gas Association of New England.) I also serve as the Treasurer of PGANE and a member of the Executive Committee. I am here to testify on behalf of the propane industry on SB 207.

Reform to increase transparency in the propane industry is needed. Members of our industry have spent many hours with the Department of Consumer Protection (DCP) and the Attorney General's office over the past 4 years to help craft solutions that will enable the consumer to compare company A to company B. The number of complaints that the DCP receives from our industry's customers is at times, troublesome; especially when it comes to homeowners whose homes are heated with underground propane tanks that are owned by the propane supplier. Mandating purchase options with a stated price (much like a consumer sees in a car lease) is a solution. There are other solutions for other issues that can be addressed.

We cannot support SB 207 in its current form. Certain provisions such as requiring a written agreement to continue automatic delivery would create chaos and a marked increase in complaints. Let me explain-

We have automatic delivery customers that have been customers for over 50 years.

Us mailing a contract will likely result in a very weak response. Many have been long-term customers because they chose not to cancel the service because they are happy with it. I cannot think of any other service in a home that would require a signed contract to prevent discontinuation of that service. My company alone has over 13,000 automatic delivery customers. Even if the response rate was 90% that would still leave me with no choice but to let 1,300 homes run out of fuel. On the propane side of our business this requires a leak check of the entire system. Who would pay the cost? What if they run out on a weekend or holiday? The extra response time and cost will amplify their discontent. Who assumes the liability for damages from frozen pipes?

I can report that we are actively working with Commissioner Rubenstein and his staff at DCP on this and other issues. Much progress has been made and we are also coordinating with the ICPA. I strongly believe that solutions to the remaining consumer issues can be reached. I anticipate that a revised version of the bill will likely be one that all parties can support in the near future and I look forward to continuing with that effort.

I would be happy to take any questions you may have.