

February 25, 2014

Co-Chair Paul R. Doyle

Co-Chair David A. Baram

Senator Kevin D. Witkos

Representative Dan Carter

General Law Committee:

My name is Bruce Deitch I own and operate Deitch Energy with my family. I am here today in opposition to H.B. 5260, AN ACT CONCERNING HEATING FUEL DELIVERY FEES, CHARGES AND SURCHARGES AND PREPAID GUARANTEED HEATING FUEL PRICE PLAN CONTRACTS.

Prepay contracts are a product that my customers demand. They provide price certainty for customers who are budget conscious and want to know what the cost of heating their home will be regardless of what prices do during the heating season. And as was the case this winter they can also offer an opportunity to save money in a rising market.

My understanding of this legislation is that it would require me to obtain a bond for my prepay gallons in place of a futures or forward contract. I spend a lot of money to obtain professional advice from hedging specialists to ensure that the fuel I sell to my customers is properly contracted for upstream from me. This allows me to be in compliance with the law and more importantly to be able to honor my commitments to my customers.

Changing the law to solely rely on a bond will do nothing to ensure that consumers receive the fuel that they pay me for. The only way to make sure that my customers get what they contracted for is to keep the requirement that I have an upstream commitment to back the gallons that I have sold.

Bonds are expensive and in some cases impossible to obtain. If this bill were to pass, many dealers would stop offering prepay contracts to the detriment of their customers. I can not imagine that the Connecticut General Assembly would take an action that would hurt their constituents by taking away a product that they want, or significantly driving up the cost of that product.

Punishing honest hard working oil dealers with expensive requirements that drive up costs is not a solution. I work hard every day to keep my customers warm and happy. Passing H.B. 5260 limits my ability to do my job for the segment of my customer base that wants to buy a prepay contract from me.

I appreciate the opportunity to offer this testimony and I would welcome any questions you may have.

Bruce Deitch

Deitch Energy

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