



February 25<sup>th</sup>, 2014

Co-Chair Paul R. Doyle  
Co-Chair David A. Baram  
Senator Kevin D. Witkos  
Representative Dan Carter

General Law Committee:

My name is Kevin Roman. Along with my cousin Julie, we own Roman Oil Company in Meriden. I am here today to speak about Bill #5260. I am opposed to the bill and believe there is a better solution that will protect the consumers without adding any additional cost.

Currently, our Company offers prepay contracts and has been doing so for many years. A little over 10% of our customers take advantage of this program year after year because of the stability of the program and the savings they have realized. This year alone my customers will save over \$75,000 by prepaying their oil.

The way we are able to protect our customers is by taking physical storage of that oil and reserving it for those customers who are under contract. This technique also protects us as a company by eliminating the risk from price fluctuation. Securing prepay gallons either through physical storage or buying future contracts has been an industry best practice long before it was made the current law in 2004. It protects both the company and the customer.

By finding a way to enforce that current law, you will be forcing companies to follow best practices which will help prevent them from going bankrupt. By forcing companies to instead buy surety bonds, the companies who decide to not secure their prepay gallons will be at a much greater risk of going bankrupt.

Bonding is expensive and potentially unobtainable for many companies due to the collateralization insurance companies may require. If oil companies are even able to offer prepay at all, that expense will be passed onto the consumer, making their energy costs much higher than it is today.

When I found out I would have the opportunity to speak today, I decided to call my customers and listen to their thoughts on the prepay contracts and this bill. When Ace Oil closed their doors, I received many new customers, and out of that group, 12% signed up for prepay with us. Since many of those individuals lost money with the Ace closing, I figured they were a good group to poll. I submitted many letters from those people and all were supportive of the current program in its current state. They all want

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protection from this happening again but do not want an added cost in doing so. When told of the current law, they agree that if that law was enforced, it would be the best way to protect them.

Some examples of letters that I submitted:

Mrs. Koeller of Meriden is a huge believer in the prepay program. She is elderly and likes to pay for the oil in the summer time so that she doesn't have to worry about balancing her check book throughout the year. She would like to continue to prepay in the future but is afraid she will be unable to if there is an added cost.

Pastor Mark Angerosa from the White Oak Baptist Church lost prepaid oil from both Ace Oil and F&S. Even still, his Church has a strong desire to prepay oil now and into the future. Their church needs a program like this to know exactly how much money they will be spending on their heating needs. It is a necessity for their budgeting purposes.

I have included many more letters just like this, but the point is that there is a large need for these programs without an added cost. The correct law is in place; it just needs to be enforced. DCP should send the contract audit forms to every company every year and should follow up with those companies that do not seem to be compliant or do not respond to the letter. If a company is not following our current law, chances are that same company will not follow a new law that is now going to cost them more money and be harder to comply with.

Please re-consider this bill and try to work with the existing law. If it is enforced, it will be the best way to protect the citizens of Connecticut while still allowing them to participate in a program that has been proven to save them money.

Thank you for your time.

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