

Ladies and Gentlemen of the General Law Committee –

My name is Fred Lord and I am writing to let you know about my opposition to SB 299, the prepay contract guaranty bill fund. I am a lifelong resident of Connecticut and have worked over 30 years in the heating oil industry. I am currently the treasurer of HOP Energy, LLC, a privately owned fuel oil company headquartered in White Plains, NY.

I am opposed to the proposed bill for several reasons. The bill is penal in nature. It financially punishes compliant business owners because of the actions of a competitor who did not follow the law. It would be especially punishing for the company I work for. Since 1995, we have acquired over 15 companies in Connecticut. One of the most valuable assets we obtain when we purchase a company is the company's name. As a result, we operate under several trade names and have several Heating Oil Dealer ("HOD") numbers in Connecticut. To be assessed \$3,900 for each HOD number is not fair. For the current heating season, our company sold about 760,000 of prepay gallons, which is a small proportion of the total gallons we will sell in Connecticut. If we have 10 HOD numbers that we need to pay the \$3,900 for that would be a total of \$39,000. If you divide the \$39,000 by 760,000 gallons that comes out to an additional cost of just over \$0.05 per gallon for these gallons. On the other hand, if you had a dealer with only one HOD and they sold the same amount of gallons, that would only be an additional cost of \$0.007 per gallon. The fee would be especially unfair to small dealers who do not even offer a prepay product and would still have to pay the \$3,900 tax.

I also oppose the proposed bill since it will be an additional cost to be passed on to the company's customers. I also feel that this fund will encourage customers to shop around for unrealistically low prices instead of value. Another concern is that the tax that funded the underground Tank Fund started at one rate, 3%, and is now up to 8.81%, resulting in a \$0.26 per gallon additional cost for gasoline. It is worth noting that none of this tax is now going into the Tank Fund for the original purpose it was intended for. I am concerned that the same thing could happen to the Guaranty Fund.

I urge that you oppose SB 299 and work with our industry on a solution that does not increase home heating costs for dealers and consumers.

The Connecticut Energy Markers Association (CEMA) and Propane Gas Association of New England (PGANE) have proposed the following alternatives to the guaranty fund/tax:

General requirement:

Mandate a Seasonal ban on offering any prepaid contracts for home heating oil, kerosene or liquefied petroleum gas from Nov 1 to March 31 of each heating season.

Dealer requirements:

Require that all fuel dealers who offer prepaid contracts for home heating oil, kerosene or liquefied petroleum gas to Connecticut Residents MUST do the following:

- Require these dealers to register the dealer's intent to offer such contracts with the Commissioner of Consumer Protection by June 30th of each year
- Require these dealers to file an annual report with the DCP Commissioner by October 31st of each year indicating the manner of compliance.
- Provide notice to consumers include letter/language instructing customer about credit card payment info and benefits of purchasing that way

Department of Consumer Protection changes:

- Change the "May" to "Shall" requiring annual sending of form to all fuel dealers who offers prepaid contracts for home heating oil, kerosene or liquefied petroleum gas to Connecticut Residents. Mandatory sending of documents to DCP Vendors offering pre-pay by a set certain date each year
- Requires mandatory interagency sharing and sending of important flag-raising information - (DRS to DCP all tax arrears and DOI to DCP all insurance arrears)
- Increase all fines and penalties for laws re: fuel dealers who offers prepaid contracts for home heating oil, kerosene or liquefied petroleum gas to Connecticut Residents
- The new law also requires the commissioner to refer to the Attorney General any registered dealer who fails to provide the required report or who makes a false statement on the required report. The law provides that a violation of any of the requirements is a violation of the Connecticut Unfair Trade Practices Act.
- The new law requires that the annual report be made on a form provided by the commissioner and that the form conspicuously notes that a false statement made on the form is punishable as a Class D crime. The report must be signed by the dealer, or if the dealer is a corporation, the report must be signed by either the president or an officer of the corporation and include a list of all of the members of the board of directors of the corporation. There is no fee for the annual report.
- Require open and transparent on-line, real-time public access listing the dealers for CT Consumers (i.e.: who has filed forms and has provided DCP with evidence of registration and procurement of home heating oil, kerosene or liquefied petroleum gas for the upcoming season as it pertains to prepay contracts).

In summary, I oppose proposed SB 299 since it penalizes law abiding companies and punishes the entire industry due to the action of one company. I urge you to work with the industry for a solution that does not increase home heating costs for dealers and consumers.

Respectfully submitted,
 Fred Lord
 Cheshire CT