

March 11, 2014

Co-Chair Paul R. Doyle

Co-Chair David A. Baram

Senator Kevin D. Witkos

Representative Dan Carter

General Law Committee:

I am submitting testimony in opposition to S.B. 299, AN ACT ESTABLISHING A PREPAID CONSUMER HEATING FUEL CONTRACT GUARANTY FUND.

I am writing to you regarding SB 299 and want to make it clear that we vehemently oppose this bill.

We do not think it is reasonable or fair to ask reputable dealers like ourselves (and the many others that operate in the State of CT) to pay into a Guaranty Fund to protect consumers from a minority of companies who either broke the law or have operated beyond their means. In fact, it appears that with this bill, the State would actually be penalizing the consumer as companies would simply have to pass this cost onto their customers.

We are one of the largest oil dealers in CT and we do not offer a prepay option. Why should thousands of our loyal customers subsidize an insurance policy for the actions of unscrupulous companies and for a product in which they do not participate? It is just not ethical or professional. While we realize many reputable companies offer prepay as a legitimate option for their customers, it is our opinion that there are also some that offer it as a means of cash-flow funding.

A guaranty fund interferes in the competitive marketplace and has the potential to make the situation worse. It may drive consumers to search for unrealistically low prices and will give them a false sense of security when placing the care of their homes in the hands of a supplier to which they may not have complete confidence. We pride ourselves on our reputation and believe consumers should be encouraged to seek out a reputable provider that offers a fair price and a true value.

In closing, we'd ask the leadership at CEMA to work with the General Law Committee to find an alternate solution that does not increase costs for CT consumers.

If you'd like to discuss this please do not hesitate to contact me.

Sincerely,

Joseph R. McDonald

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