



## State of Connecticut

### SENATE

SENATOR DANTÉ BARTOLOMEO

*Thirteenth District*

Testimony on Raised Bill No. 299 – AN ACT ESTABLISHING A PREPAID CONSUMER HEATING FUEL CONTRACT GUARANTY FUND.

Over the past few months I have been contacted by constituents who lost thousands of dollars due to the recent closure and bankruptcy of Ace Oil. As a result, I began and continue to have meetings with two longtime reputable oil companies in my district and their industry representatives in order to understand the intricacies of their businesses. While I feel strongly that we have an obligation to protect consumers as well as our honest business owners, I do not support the idea of establishing a guarantee fund for home heating fuel providers.

The current law (CGS 16a-23n) allows for consumers to take advantage of savings provided by entering into prepaid guaranteed price contract plans without forcing the oil companies to purchase very costly and hard to find surety bonds. It has been reported to me that the combined savings provided customers by just these two district companies alone, through the offer of prepaid contracts, is over \$250,000 this year. The elimination of the opportunity for these companies to obtain physical inventory or purchase fuel futures or the additional cost associated with establishing a guarantee fund will realistically mean they are no longer able to offer their customers prepaid contracts or the savings with which they are associated.

I believe that the real problem lies in the lack of monitoring and enforcement of current law. If company audits occurred on a regular basis and continue to be conducted in the future, to assure that oil companies act in accordance with 16a-23n which states that the company must obtain physical inventory or fuel futures or forwards contracts "*in an amount not less than eighty per cent of the maximum number of gallons or amount that such dealer is committed to deliver pursuant to all prepaid guaranteed price contracts entered into by such dealer*" oil customers would be better protected from loss due to failures like Ace Oil. I ask you to consider rejecting Senate Bill 299 and work with the Department of Consumer Protection to facilitate their ability to support the protections already provided to customers in 16a-23n of the General Statutes.