

Testimony of John Corallo
State Line Propane & Oil
Opposed to Raised Bill 5363
Hearing, March 14, 2008

My name is John Corallo and I live in North Granby, CT and work for State Line Propane & Oil. We are a locally owned, family business that has been proudly serving the residents of Connecticut since 1961. At the peak time of year we employ around 65 people with over \$2.5 million in salaries. Over the last 12 months we have sold around 7 million gallons of fuel. As with most small businesses, we operate on very thin margins and do what I consider a remarkable job serving our 14,250 customers' needs. We operate 7 days a week in the winter and are available 24 hours a day to help when problems arise.

Like most heating companies we service many customers outside of our fuel customer base, since the utility companies do not actually service heating or cooling systems. In order to keep the cost of service down we actually help fund our service department with the profits from our fuel deliveries. If the fuel side of the business were to go away or be largely diminished we will be forced to greatly increase the cost of service to our customers.

One of the main issues that face our industry is cash flow. We pay our vendors within 10 days for fuel and our employees within 7 days, while our customers have historically for the most part been given 30 days to pay for their fuel. In the past, we used to have about 75% in current receivables, over the last 5 years this number keeps slipping and we are down to about 53% current with a growing number in the 30 and 60 day columns.

This cash flow issue becomes critical in late January and February when demand is historically at its peak. Using our last 12 month projections in year 10 of the Carbon Tax proposal we would be paying \$877,000 in additional taxes to the state in January and February alone. This would force us to no longer offer terms to our customers.

As a fuel company we will be forced to make all customers choose between COD, pre-purchase or budget plans. In year 10 this tax burden on a basic living expense for our average heating customer in a 2,500 square foot home will directly add an additional \$571 for propane or \$840 for fuel oil per year to their growing cost of living expenses. This is not even calculating in the additional costs that all our vendors plus our company will have to add to offset our increased fuel expenses.

As a resident of Connecticut, I view this as a revenue creating tax being disguised with the veil of saving the environment. Since 1983, when the EPA started collecting the data, the Ozone Exceedance Days have dramatically decreased in the United States. In the early 1980s Connecticut would average over 100 exceedance days which is now down to less than 20 and declining. This tax will be used to kick the can down the road for a state that needs to rectify its spending problem not continue to burden the remaining residents with more taxes.

John Corallo
North Granby, CT