



# New England Fuel Institute

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May 3, 2006

United States Senate  
Washington, DC 20510

Dear Senator:

The New England Fuel Institute represents dealers providing over 40 percent of the nation's heating oil. Most of these companies are small, second and third generation family-run businesses that care deeply for the well being of their customers and local communities. It is in light of this relationship that I am writing to bring an urgent matter to your attention.

As you are no doubt aware, Americans are facing surging energy prices, as evidenced by the skyrocketing prices that they are paying for heating oil, gasoline and other petroleum commodities in recent weeks. Your constituents deserve to know the truth behind what is driving these prices, especially pertinent market forces that might be contributing to volatility and price spikes. And you, as a member of the world's most powerful legislative body, are well positioned to do something about it.

NEFI and its member dealers are very concerned about the adverse role that unregulated energy trades and speculators might be having on the price of heating oil, gasoline and other energy commodities. Of the on-market trades, most occur on two exchanges. One is the NY Mercantile Exchange (NYMEX), which is required to report data to the Commodities Futures Trading Commission (CFTC). The other, the InterContinental Exchange (ICE), is off-shore and therefore eludes data reporting requirements and oversight of the CFTC. However, the majority of trades are done through derivatives in the investment banking community, also with no reporting requirements to the CFTC. But Congress has two opportunities to help resolve this issue.

A bill (S.2642) has been introduced by Senators Feinstein, Snowe, Levin and Cantwell, that will close the existing loophole that allows certain energy trades and firms to evade data collection and market oversight. The bill would not impose any undue burden on these players, however. It would simply require that they be as accountable as all others currently being regulated by the CFTC. We urge you to sign-on to this important piece of legislation. Secondly, we strongly encourage you to act quickly to pass legislation to reauthorize the CFTC through 2010.

By taking these two important steps, you can show the American people that you are committed to protecting them from price manipulation. Thank you for your consideration.

Sincerely,

Sean Cota, President

cc: New England Fuel Institute Members  
Independent Connecticut Petroleum Association  
Maine Oil Dealers Association  
Massachusetts Oilheat Council

Oil Heat Council of New Hampshire  
Oil Heat Institute of Rhode Island  
Vermont Fuel Dealers Association  
Petroleum Marketers Association of America