Fuel Institute is a nonprofit corporation incorporated under the laws of the State of Massachusetts, is an association with 1,143 retail fuel oil distributors as members.

The institute's members distribute at retail 72 percent of the No. 2 fuel oil in New England. No. 2 fuel oil is the prime source of heating energy in the six-State region. Over 8¼ million people of New England's approximately 10 million population are heated throughout the cold rigorous winters, by No. 2 fuel oil. Eighty percent of New England's homes utilize this fuel for central heating.

Over 4 billion gallons of No. 2 fuel oil are consumed annually. Thus a 1-cent-a-gallon price increase represents an additional $40 million in cost to the consumers of the region.

An adequate supply of reasonably priced No. 2 fuel oil is therefore vital to the health and comfort of more than 8 million consumers. Nothing demonstrates with more emphasis the need for an ample and consistent supply than these figures.

Unfortunately, an ample supply has not been the case. During the past two winters, deepwater terminal operators, both independent and major oil company operated, have been without No. 2 fuel oil on numerous occasions. Recently the Oil Import Appeals Board, in an unprecedented action, acknowledged the severity of the supply crises by granting 12 emergency interim import allocations for No. 2 fuel oil.

The escalation of No. 2 fuel oil prices during the past 4 years is further eloquent testimony to the unsatisfactory price-supply situation which has developed for this essential product. For example, wholesale prices have over the past 4 years increased 28.5 percent. The retail price over the same period increased only 12.5 percent. Thus during this period, New England's retail fuel oil distributors, pressed by competitive fuel energies and competing freely with each other passed on less than one-half of the percentage cost increase for their product to the consuming public. However, this unhealthy situation and trend for retail fuel oil distributors must not be allowed to continue.

The oil import control program, as presently constituted, aggravates this economically unhealthy situation by artificially creating higher prices for domestic crude oil. In addition, domestic refiners now have new refinery techniques which enable them to extract higher percentage yields of higher-priced products, such as jet fuel and gasoline. This further contributes to the short supply of No. 2 fuel oil.

The New England Fuel Institute is definitely opposed to any proposals seeking to legislate or otherwise permanently restrict the liberalization of the oil imports program and feels strongly that any such action would introduce an extremely undesirable element of rigidity into a program that must be more, rather than less, flexible. Such flexibility is required to serve the Nation's constantly growing and changing energy needs. In fact, any such legislation would place the Nation in an energy straitjacket which would result in higher petroleum product prices for the consumer.

Therefore, in face of the recurring supply crises and a rising No. 2 fuel oil price, the New England Fuel Institute through unanimous vote of its board of directors wishes to go on record as follows:

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