



# PROPANE EXCHANGE

January–February 2014 \* West Virginia Propane Gas Association

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### DATES TO REMEMBER

March 18, 2014	Spring Membership Mtg Embassy Suites Charleston, WV
April 12-14, 2014	NPGA Southeastern Convention Atlanta, GA
June 3-4, 2014	Propane Days Washington, DC
June 23-24, 2014	Summer Membership Meeting & Bobtail Rodeo Glade Springs, WV Daniels, WV



[Check out upcoming meeting](#)

## Supply, Safety & Government Regs

**The Winter of 2013-14 will not be forgotten soon.** Extremely cold temps which arrived earlier than usual coupled with very tight supply and exports have kept many in the propane industry busier than ever.

**The Spring Membership Meeting** will be focusing on just these issues when we meet on March 18, 2014 at the Embassy Suites, 300 Court Street, Charleston, WV 25301 [www.embassysuitescharlestonwv.com](http://www.embassysuitescharlestonwv.com).

**First, we will tackle supply** as propane wholesale expert, Forest Herron, explains what is going on now even with shale gas fracking going on and how what happens in other parts of the US effect West Virginia. He will also help you review, update and adapt your supply plans for the future.

**On the safety front**, a new edition of NFPA 58 is out. Find out what is new and changing in this key code book through an interactive session. On the state government arena, WPGA Lobbyist Rudy Seacrist will provide a review on what has been happening.

**Other invited guests include** representatives from the State Fire Marshal's Office, Weights & Measures Department, Clean State Program and Federal Motor Carrier Safety Administration.

**Building relationships**, a representative from the West Virginia Oil and Natural Gas Association will speak about the current shale fracking and the opportunities it presents the propane industry.

**Keep an eye on [www.wvpropanegas.org](http://www.wvpropanegas.org)** so you can register for this informative meeting. After this winter, you will want to be there!



# NPGA Addresses Propane Supply Situation



## WVA INCLUDED IN REGIONAL HOS WAIVER

**The National Propane Gas Association is working at all levels** to seek relief from the current supply, distribution, and infrastructure problems facing American propane customers.

**To allow for expedited delivery of propane**, NPGA is working with stakeholders throughout the industry to seek relief from the current situation. Presently, the U.S. Department of Transportation has issued a regional order for the Midwestern, Eastern, and Southern regions which will allow transporters to move propane more freely throughout the most affected regions. The rare regional orders apply to 10 Midwest, 14 Eastern, and 9 Southern states. A total of 31 states so far have individually issued Hours of Service relief.

**The U.S. Department of Energy reported** that cold weather led to record-high natural gas storage withdrawals, as well as propane. These are the largest drawdowns in the 20-year history of the survey and the second time this year the record has been broken. Efforts are underway with the U.S. Department of Energy to acknowledge that emergency conditions could be forming, as consumers and businesses in dozens of state are faced with higher electricity and gas costs due to persistent cold weather.

**In addition to seeking relief at the federal level**, NPGA is working with officials within the pipeline, rail, and truck transport industries and asking for propane shipments to be prioritized within their industry.

## IMPORTANT POINTS

**The challenges in delivering propane for consumers** during this prolonged period of cold weather started with a confluence of events beginning in October.

**Abundant grain crops were being harvested** throughout the Upper Midwest almost simultaneously this fall. Ordinarily, the harvest progresses in stages through the region but in late 2013, the harvests happened at the same time over a wide area. This was a large, wet crop which required massive amounts of propane in order to be dried prior to storage. That demand reduced propane inventories throughout the area.

**At the same time**, infrastructure realignments inhibited the transportation of propane. The Cochin pipeline, which provided 40% of the product used by Minnesota suppliers, was shut down for repairs. This triggered a chain reaction causing suppliers to go further out to load their supply. Canadian imports to the Northeast were also impaired by rail re-routing. This forced Minnesota and Wisconsin retailers to get their propane at the pipelines in Iowa, increasing demand in that state.

**In the Midwest**, a pipeline previously in propane service was reversed to begin moving ethane from the central part of the country to the Gulf Coast. As the harvest demand ended, a massive winter storm rolled across much of the country. Demand for residential, commercial and agricultural heat soared. The average number of heating degree days\* for this winter is more than 10 percent higher than last year. The forecast continues to project colder than normal weather for much of the United States.

**An important difference between this year and previous years** is the extent of propane exports into the world market. In 2013, more than 20% of total U.S. propane was exported, up from 5% in 2008.

**All these combined to prevent** regional inventories from recovering and the existing pipeline and terminal infrastructure has been unable to recover. This has required longer driving distances and loading times, a scarcity of available product and delays in making deliveries to customers.

*To stay current on this developing situation, visit [www.npga.org](http://www.npga.org) and [www.wvpropanegas.org](http://www.wvpropanegas.org).*



**Ralph Rooney**  
**Suburban Gas Inc.**  
Past NPGA President

"We were confident that ThompsonGas would be able to provide a level of service and attention to detail commensurate with ours, and at the same time because of their size and corporate culture, would provide our employees and customers the security of a promising future, stability of supply, a broad mix of propane equipment, and a "down home" place to work and do business ... It provided us tremendous peace of mind."

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**J. Randall Thompson**

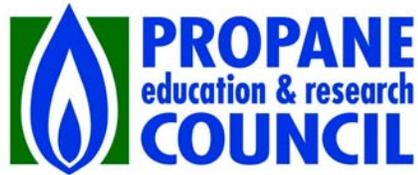
President &  
Chief Executive Officer  
301-432-3880  
rthomp1@thompsongas.com

**G. Jeffrey Kerns**

Executive Vice President &  
Chief Financial Officer  
301-432-3882  
jeff@thompsongas.com

[WWW.THOMPSONGAS.COM](http://WWW.THOMPSONGAS.COM)

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Comments from  
Roy Willis,  
CEO of PERC

## Keeping American Homes Safe, Warm and Running

**Keeping customers and employees safe and warm** is the top priority for the 3,000 propane business owners across America. Unusual weather events have tested that mission during the last few weeks, and our industry is working around the clock to get propane to those areas that need it most.

**All available transport tankers**, delivery trucks, railcars, barges, and pipelines are being mobilized. Ships with propane cargos are moving into Northeast ports. State and federal authorities have issued orders to facilitate the movement of propane.

**Our industry has risen to the challenge.**

**Still, in some areas propane** has been hard to come by and reports point to infrastructure challenges. To be clear, there is no shortage of propane. In fact, the U.S. is producing more propane now than at any time in decades. The real problem is logistics. Rising production of energy — a welcome development — is testing the country's capacity to move fuel from where it's made and stored to where it's needed. Among the challenges:

**Propane faces unprecedented competition** for access to pipelines and rail cars, which are in short supply. A major pipeline in the upper Midwest shut down for maintenance for much of December, just after record demand for propane for grain drying caused an early drawdown of propane stocks there.



Extreme winter weather increased demand for propane in the Midwest and Northeast, where propane storage capacity has been blocked or depleted.

**The combined effect has increased** costs, slowed delivery, and in some cases required states to temporarily lift restrictions on the hours of service for truck drivers. So far, the nation's propane companies have prevented any significant outages and will keep doing everything in their power to make sure that their neighbors have the fuel they need. We encourage propane customers to conserve where possible and to remain in contact with their local supplier, scheduling a delivery when the percentage gauge reads 35 percent.

**Addressing energy infrastructure challenges** will take time and dedication from many. We're committed to doing our part. Together we will weather this storm and continue to do what the propane industry has done so well for more than 100 years — keep American homes running.

*"Together we will weather this storm and continue to do what the propane industry has done so well for more than 100 years — keep American homes running."*

Will you make  
a difference in  
our industry?

**FRIENDS OF  
WIP WILL!**

Show your  
support today.



## Categories of membership:

<b>\$25</b>	Individual
<b>\$25</b>	Friend of WIP
<b>\$500</b>	Corporate (allows as many employees to enroll as desired)

[www.npga.org/WIP](http://www.npga.org/WIP)

**Women in Propane is a  
business council designed  
for winners!**

### **Friends of WIP support the cause.**

Demonstrate your support for the council's positive initiatives by joining as a "Friend" to ensure industry members across the nation benefit from outstanding training, networking and mentorship programs. WIP is open to men and women members. "Friends" are notified of council activities while maintaining a non-voting status.