

May 2018

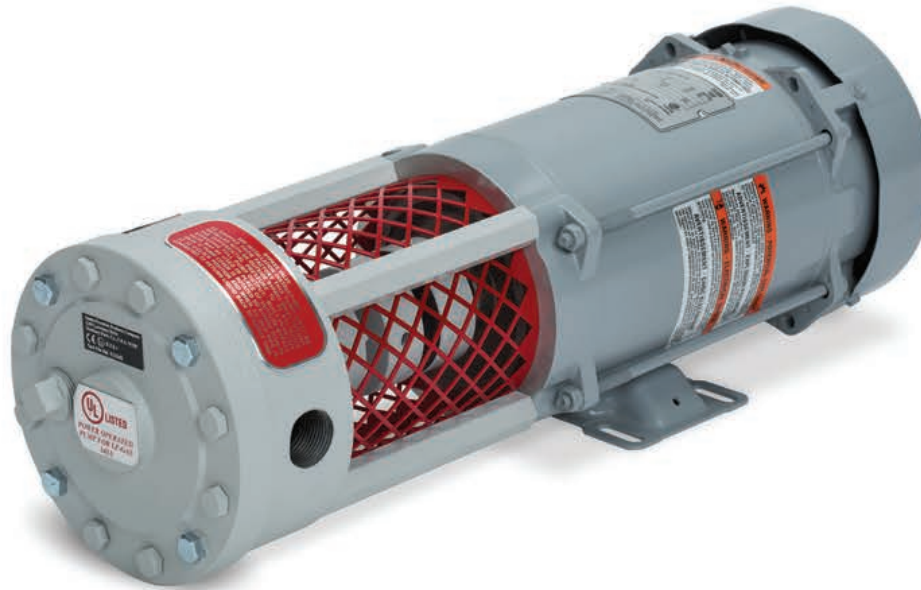
BUTANE-PROPANE NEWS

BPN



SE Show Coverage
**China Slaps on
LPG Tariffs**

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Thank You, Propane Family

Thank you Brian, Brian, and the entire propane family for inducting my late father, Bill Clark, into *LPGas* magazine's Hall of Fame. Your inclusion of a longtime "competitor" demonstrates the very strong ties of our propane lineage.

I am certain he would have been honored to have been part of the class of 2018 that also counts Al Linder, Roy Willis, and Stuart Weidie as members. The breadth of the knowledge, support, and forward thinking of the four inductees puts them in a class of their own. From the West Coast, Linder has been known for his emphasis on safety, which was stressed in his bulk plant design. His technical knowledge led him to serve as chairman of the NFPA Technical Committee on LP Gas from 1996 to 2003, and his engineering mastery has made the propane industry much safer.

Also from the West Coast, Clark covered the government's intrusion into the industry with his writings on these pages. Using his mighty typewriter, he briefed those involved with propane and other LPGs on the detrimental government price controls in the early 1970s, and its other encroachments on the industry. He

(Continued on p. 60)



Inductees to the *LPGas* magazine Hall of Fame were (left to right) Al Linder (accepted by Bruce Swiecicki), Stuart Weidie, Bill Clark (accepted by his daughter, Natalie Peal), and Roy Willis.



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China Tariffs—Belvieu Propane Prices May Face Pressure.

Recent analysis of U.S.-China trade relations by IHS Markit—namely escalation of the two counties' ongoing trade dispute—finds that both have responded with bids of punitive tariffs that could, if enacted, derail a global economic boom that has benefited the world petrochemical industry.

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PERC Reveals Consumer Insights Discovered in Focus Groups.

The Propane Education & Research Council (PERC) will soon be using a common theme in materials for all the different audiences it reaches: Propane Can Do That. Following its favorable reception last summer by the agriculture market, it will be rolled out in materials for other markets this year and next.



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Second Generation's First Priority: Keep Doing What Works.

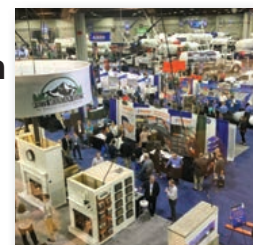
Kristy Richardson is preparing to assume leadership as the CEO of the propane business founded by her parents. Her first priority is to continue the practices that made the company such a success in the first place.

FAMILY BUSINESS

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Positive Feedback, Attendance Growth Hallmarks of 2018 NPGA Expo.

NPGA's 71st Southeastern Convention & International Propane Expo returned to the Georgia World Congress Center in Atlanta in April. Coverage of the convention and its many educational sessions are part of this month's roundup.



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STAFF

Natalie Peal Publisher
John Needham Editor-in-Chief
Steve Relyea Managing Editor
Pat Thornton Editor/Special Projects
Tara Molina-Partika
..... Advertising Sales Manager
Andrea Young Marketing Manager
Sheri Sinske Circulation Manager
Julie Davis Office Manager

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Natalie Peal President
Nanette Dougall Vice President

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Brenda Lieswald . . Circulation Manager
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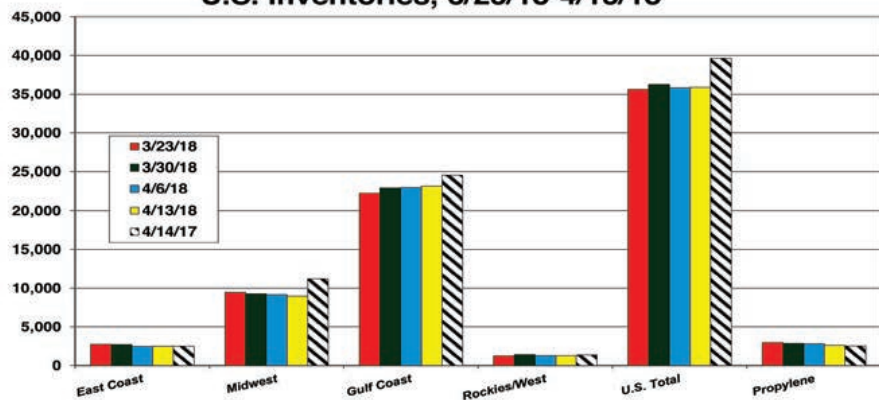
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Crude Holds the Reins

MID-WEEK AVERAGE POSTED/SPOT PROPANE PRICES
(Cents per Gallon)

Date	Mont Belvieu		Group 140	
	POSTED	SPOT	POSTED	SPOT
3-15-18	95.800	81.50-81.875	70.150	66.00-66.25
3-22-18	95.918	79.375-79.875	71.900	65.25-66.00
3-29-18	94.480	79.75-80.00	71.500	65.75-66.875
4-5-18	88.668	74.625-75.00	64.150	59.75-60.375
4-12-18	92.355	80.00-80.25	69.250	66.00-67.00
4-19-18	95.043	83.50-83.75	75.100	71.875-72.375

U.S. Inventories, 3/23/18-4/13/18



Posted prices and spots held a narrow range in the latter half of March. But, once April kicked in, the stability was lost as crude was calling the shots. In early April, fears of an escalating trade war between the U.S. and China had crude trading off as much as 50 cents/bbl in only a week's time. This decline was short lived, though,

as tensions heated up in the Middle East, setting the stage for a rally that took crude prices up to three-year highs.

Mont Belvieu's posted price moved from 95.918 cents/gal. to 94.480 cents to end March, as Group 140 held between 70.150 cents to 71.900 cents. Belvieu fell to 88.668 cents the first week of April, but rebounded

CANADIAN INVENTORIES

(April 1, 2018)

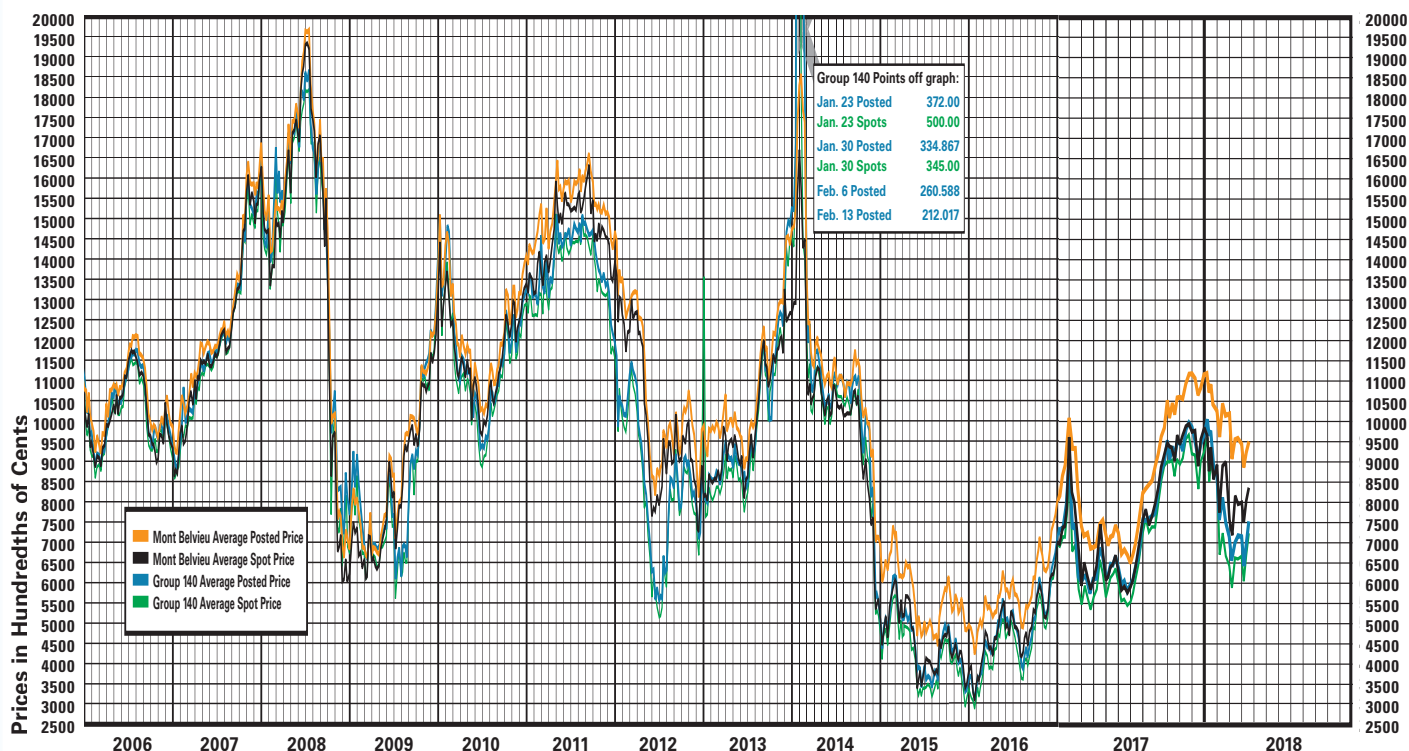
Thousand Cubic Meters

PROPANE				
Region	4-18	3-18	Change	4-17
Propane—East	96.1	122.7	-21.7%	193.6
Propane—West	380.7	387.8	-1.8%	194.0
Total Propane	476.8	510.5	-6.6%	387.6
BUTANE				
Butane—East	110.9	109.5	+1.3%	147.7
Butane—West	418.8	334.7	+25.1%	300.4
Total Butane	529.7	444.2	+19.2%	448.1

Source: National Energy Board

to 92.355 cents and then 95.043 cents mid-April. The Group dipped to 64.150 cents, bounced back to 69.250, and ended higher at 75.100 cents.

Spots at both Belvieu and the Group backed off a cent or two from mid-March to early April. Belvieu fell from 81.50-81.875 cents to 79.75-80.00 cents to end the month, while Group 140 slipped a bit from 66.00-66.25 cents, then widened its range to 65.75-66.875 cents. April saw Belvieu slip to 74.625-75.00 cents, but backtrack to 80.00-80.25 cents, and end at 83.50-83.75 cents. The Group dipped to 59.75-60.375 cents, returned to 66.00-67.00 cents, and finished at 71.875-72.375 cents.



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WORLD PRICES AND FREIGHT RATES

April 6, 2018

DELIVERED (CIF)

TERMINAL	PROPANE	BUTANE
Rotterdam	\$441	\$450
Mediterranean	\$461	\$495
Japan (Contract)	\$468.5	\$468.5
China (Contract)		
South China	\$462.5	\$462.5
Taiwan	\$463.5	\$463.5

PRODUCERS (FOB)
CONTRACT PRICES

TERMINAL	PROPANE	BUTANE
Saudi Arabia	\$475	\$470
Abu Dhabi	\$475	\$470
Kuwait	\$475	\$470
Qatar	\$475	\$470
Algeria		
Bethouia	\$435	\$450
Skikda	\$435	
North Sea (avg.)	\$444.5	\$459
Naphtha (cif) Rotterdam	\$576.75 (4/6/18)	

FREIGHT RATES

Arabian Gulf	
Far East	\$22-24
Mediterranean	\$24-26
NW Europe	\$46-48 (via Suez)
U.S. Gulf	\$47-49 (Suez out/Cape back)
Brazil	\$48-50 (Cape both ways)
Algeria	
NW Europe	\$26-28
Japan	\$46-48
U.S. Gulf	\$24-26
U.S. E. Coast	\$25-27
Brazil	\$26-28
Australia	
Japan	\$48-50
Northwest Europe	
Japan	\$50-52

All prices and freight rates listed above are based on metric tons and are quoted in U.S. dollars, except for Mont Belvieu prices, which are in cents per gallon. The prices fob Middle East terminals are official government established prices and do not include premiums or discounts for spot transactions.

fob: free on board

cif: cost, insurance, freight

Brent Nears \$70/bbl, LPG
Prices Likely to Rise

Rosneft, the world's biggest listed oil company, has protected the bulk of Russia's share of crude oil production cuts agreed to by Moscow and the OPEC oil cartel in a deal to support oil prices that are set to last through the end of this year. Shares in the company are held by BP, Glencore, and the Qatar Sovereign Wealth Fund.

Global hydrocarbon market conditions remain unstable, with high crude oil and oil product pricing evaporating rapidly. Rosneft is purchasing India's Essar Oil, drilling in Iraqi Kurdistan, deepening its business in the Middle East, and has positions in projects in Venezuela as it looks to expand outside Russia and stake its claim as the leading international producer.

As Brent oil prices reached nearly \$70 (U.S.) per barrel in early April, LPG prices are also likely to rise. Propane prices for large, fully refrigerated cargos were at \$441 per tonne cif Amsterdam/Rotterdam/Antwerp (ARA), while butane prices were at \$450 per tonne ARA. Both products had increased from a month earlier, by \$20 per tonne for propane and \$13 per tonne for butane.

The propane coaster market remained quiet, but the butane market was still active with demand from petrochemical manufacturers and blenders. The latest indications of propane swap deals are May \$428-\$432 cif Northwest Europe and June \$428-\$432 cif Northwest Europe.

North Sea prices for April were at \$444.50 per tonne fob North Sea terminals for propane and at \$459 per tonne for butane. Both prices had hardened, by \$14 per tonne for propane and by \$23 per tonne for butane.

In the Mediterranean, the open U.S. butane price arbitrage for Morocco opened the door for spot propane sales to the west Mediterranean. Prices for large, fully refrigerated cargos of propane were at \$461 per tonne cif Lavera, south of France, and at \$495 per tonne cif Lavera for butane. Both prices had strengthened, by \$15 per tonne for propane and by \$50 per tonne for butane.

The Algerian national oil company, Sonatrach, fixed contract prices for April at \$435 per tonne fob Skikda and Bethouia for propane and at \$450 per tonne fob Bethouia for butane. The Saudi Arabians set April contract prices at \$475 per tonne fob Middle Eastern (M.E.) terminals for propane and at \$470 fob M.E. terminals for butane.

Examples of large LPG shipping fixtures include the *Belearic Gas*, 22,000 cu meter capacity, which was chartered by Glencore (Baar, Switzerland) to load 12,000 tonnes of LPG from Arzew for delivery options in the Mediterranean. The *BW Magellan*, 84,000 cu meter capacity, was taken by Geogas (Geneva) to load 46,000 tonnes of LPG from Houston for delivery options.

The *BW Mindaro*, 84,000 cu meter capacity, was fixed by Gunvor (Geneva) to load 46,000 tonnes of LPG from Houston for delivery options East. The *Gas Aquarius*, 85,000 cu meter capacity, was chartered by CNR (Canadian Natural Resources; Calgary) to load 46,000 tonnes of LPG from Houston for delivery options.



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ThompsonGas Acquires Assets Of North Shore Oil & Propane

ThompsonGas (Frederick, Md.) has acquired North Shore Oil & Propane, a heating fuel provider headquartered in northern Minnesota in Silver Bay. Details of the transaction were not released. The company is committed to serving the residential, commercial, and industrial customers who have valued North Shore's presence in the region for more than 40 years. Founded in 1977, North Shore serves customers in Silver Bay and the surrounding area, and is a one-stop shop for heating, plumbing, and automotive needs.

"Wade Leblanc built a company with strong values and a commitment to customer service," said Derek Ashmore, regional vice president of ThompsonGas. "The opportunity to carry on his legacy with North Shore Oil & Propane is truly an honor. We look forward to offering additional value and services to the community. Our two companies will blend together smoothly with a renewed focus on our customers. This acquisition will allow us to strengthen our service offering to customers to include better efficiencies, enhanced fuel ordering technology, and a better overall value," Ashmore continued.

"The strong communities in northern Minnesota make it an excellent place to do business," added George Koloroutis, CEO of ThompsonGas. "The entire team at ThompsonGas is looking forward to expanding our investment in the region and provide our customers with the best products and services available on the market."

The acquisition strengthens ThompsonGas' national footprint by expanding its presence in northern Minnesota. The deal is the company's second major investment in the region, following its purchase of the assets of Como Oil & Propane in 2015. The growing enterprise now serves more than 87,000 customers in 14 states.

Roush CleanTech Receives CARB Certification for Propane Engines

Roush CleanTech (Livonia, Mich.) has received the Environmental Protection Agency's and the California Air Resources Board's heavy duty-onboard diagnostics (HD-OBD) certification for all its engines. Until the 2018 model year, alternative fuel vehicles had been exempt from the certification, but are now held to the same requirements as gasoline vehicles.

"Vehicles powered by a fuel other than gasoline or diesel should no longer be considered alternative," said Roush CleanTech president Todd Mouw. "As shown by the regulatory agencies' decisions to require all fuels [be included] in its HD-OBD certification, propane autogas and others like compressed natural gas are moving into the mainstream."

Roush explains that the HD-OBD certification applies to all vehicles with a gross vehicle weight rating (GVWR) of more than 14,000 pounds. Onboard monitors will now track and report the continuing compliance of the emissions performance of the vehicle, as they have since 2016 for gasoline vehicles. Passenger cars and light-duty vehicles have come equipped with onboard diagnostic systems since the 1990s.

All of Roush CleanTech's autogas-fueled vehicles with Ford 6.8-liter two-valve and three-valve engines, including medium-duty fleet vehicles and school buses, are covered under the CARB HD-OBD certification. The three-valve engine is also the first propane engine available in Class 4-7 vehicles certified to the optional low-nitrogen oxide level of 0.05 grams per brake horsepower-hour.

Neste Sells First Batch of 100% Renewable Propane in Europe

Neste Corp. (Espoo, Finland) has commenced operations at the world's first large-scale renewable propane production facility in Rotterdam. The initial cargo has been delivered to SHV Energy (Hoofddorp, the Netherlands), which will market and sell the product to its customers across Europe as BioLPG.

Neste's new plant has a production capacity of 40,000 metric tons a year and SHV Energy will be the exclusive distributor, supplying 160,000 tons over four years. BioLPG will enable users of existing fossil fuels to reduce their carbon footprint without any modifications to LPG-fired appliances or equipment. BioLPG can be used with the full range of existing applications, from transport to commercial heating to retail leisure cylinders.

"Start-up of the new production facility means that SHV Energy's customers in Europe will be able to use this new renewable product and enjoy its environmental benefits, combined with ease of use in already familiar applications," said Kaisa Hietala, executive vice president of renewable products at Neste. "For us it also represents an important step in implementing our growth strategy for renewable products."

The company's Rotterdam refinery primarily produces MY Renewable Diesel from various waste and residues, as well as vegetable oils. Neste's new unit will purify and separate renewable propane from the side-stream gases produced at the refinery. "SHV Energy is proud to be part of this unique renewable energy project and congratulates Neste on a fantastic engineering achievement," said Fulco van Lede, management board member. "In use, BioLPG will be very low carbon and extremely clean. The biggest environmental contribution that it can make is when it replaces existing high-carbon solid and liquid fuels in homes and businesses located beyond the natural gas grid."

Industrial Truck Association Supports NAFTA Successes

The Industrial Truck Association (ITA) has pledged its support of the North American Free Trade Agreement (NAFTA), adding that it is in favor of modernizing and improving it. The association commented that NAFTA has been successful in creating American jobs and contributing to the growth of the U.S. economy.

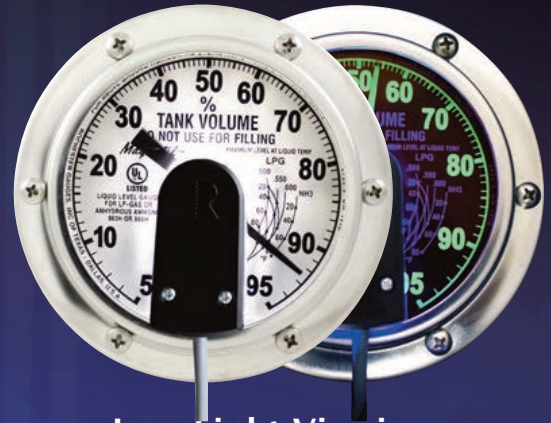
"NAFTA provides the opportunity for U.S. manufacturers to sell American-made forklifts shipped to Canada and Mexico duty-free," ITA president Brian Feehan said. "Without NAFTA these products would face substantial tariffs,

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putting them at a competitive disadvantage with manufacturers from other countries that enjoy duty-free status." The powered industrial truck (forklift) industry annually exports more than \$900 million worth of equipment to Canada and Mexico duty-free under NAFTA, ITA reports. This equates to an annual trade surplus in excess of \$400 million.

ITA supports modernizing and improving NAFTA through the elimination of remaining market distortions and barriers in Canada and Mexico; raising standards to U.S. levels with respect to science-based regulatory practices, transparency, competition, and the protection of private property and intellectual property; updating the agreement to include new digital trade provisions important to small manufacturers and those creating and relying on new technologies; and removing unnecessary red tape at the border and duplicative regulations that are holding manufacturers back.

"The U.S. economy is growing, tax reform is providing confidence for business investments, and unemployment is low," said Feehan. "NAFTA remains an important component to maintaining this momentum. NAFTA can and should continue to help grow high-paying American jobs, expand the nation's manufacturing, and improve its global competitiveness."

He noted that the agreement was founded 23 years ago, before major technological and energy innovations helped transform what and how the U.S. manufactures today. While U.S. negotiators sought to level the playing field fully in the original NAFTA, barriers and weaker standards remain in both Canada and Mexico.

RRC Commissioner Calls For Review of Jones Act

Railroad Commission of Texas (RRC) commissioner Wayne Christian is urging Congress to review the Jones Act of 1920. In a letter sent to lawmakers, Christian said a provision of the Jones Act that restricts cargo from being transported between U.S. ports unless it is carried on American-flagged ships has created a situation where many parts of the north-east U.S. are forced to buy natural gas from Russia instead of purchasing from domestic suppliers such as Texas.

"Energy security is national security," Christian said. "We should not have policies in place that encourage buying foreign energy when we have a surplus of natural gas in our own backyard." He noted that the U.S. exported more natural gas than it imported in 2017, the first time since 1957.

"Much like the former ban on crude oil exports, this provision is a relic of a previous time that serves no practical purpose in the modern world," he added. "As the United States positions itself to surpass Saudi Arabia and Russia as the world's top energy producer, it is imperative we take advantage of this blessing and move closer to energy security."

China's Import Duty Could Reshape Asia Trade Flows

China's plan to raise the import duty on U.S. propane could alter trade flows drastically if it is implemented, reports S&P Global Platts, giving Middle Eastern suppliers

a chance to make bigger inroads into Asia's largest consuming market. Analysts note Beijing's announcement to impose an additional 25% duty on U.S. propane—a retaliatory move that threatens to escalate the U.S.-China trade spat—could see a large chunk of U.S. propane looking for homes in other markets in Asia, such as South Korea.

Soon after the early-April announcement that China was considering sharply higher import duties on propane, in addition to other commodities, prices fell at Mont Belvieu, with April non-LST trading as low as 75.25 cents/gal. China's commerce ministry has said that the exact amount of duty, and the effective date of implementation, would be determined later.

S&P Global Platts comments that imports of propane from all origins currently, including supplies from the U.S., attract an import duty of only 1%. "If China's decision goes through, the 3.5 million metric tonnes a year that goes to China from the U.S. will get swapped," a trader said. "China will get more Middle Eastern supplies, while Japan and [South] Korea will get more U.S. cargos." Propane market sources, both in China and at other centers, said there was not much information about the tariff implementation presently, but once the duty becomes effective, Chinese buyers would certainly slash purchases from the U.S.

"Many domestic propane dehydrogenation (PDH) plants have signed term contracts with U.S. suppliers to buy propane cargos," a Chinese market source said. "The jump in duty will inevitably push up propane import costs for U.S. cargos and might even lead to defaults." The U.S. overtook the United Arab Emirates as China's top propane supplier in the first two months of 2018, sending 657,575 metric tonnes of propane to China over January and February, up 22.1% year on year, data from China's General Administration of Customs show. China imported about 3.4 million metric tonnes of propane from the U.S. in 2017, accounting for 25% of the country's total imports of 13.4 million metric tonnes, S&P Global Platts' calculations, based on data from the General Administration of Customs, show.

A trader with knowledge of U.S. markets said Chinese buyers holding contracts for U.S. fob cargos would look to find buyers in markets other than China. "But since Japan has already been increasing U.S. LPG imports in recent years, it is unlikely that they would take more. It is more likely that surplus cargos would go to South Korea," an industry source said. Other outlets could include Indonesia, which has been buying U.S. cargos through international trading companies. Oriental Energy and Yantai Wanhua are the two Chinese companies believed to be holding contracts for U.S. fob cargos. China's Oriental Energy normally takes 1 million metric tonnes a year of U.S. propane under term contracts, while Yantai Wanhua will take about 220,000 to 260,000 metric tonnes under term contracts in 2018, according to company sources. Market sources added that for India to consider taking U.S. LPG, the price would have to be competitive compared with Middle Eastern suppliers. They said that freight costs from the U.S. would put those cargos at a disadvantage.

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China's PDH plants currently buy large U.S. cargos through traders. Sources at PDH plants said they can absorb a smaller rise in costs as polypropylene prices were holding firm, but a big rise in costs would be difficult to absorb. "China's main focus will shift to the Arabian Gulf and other areas," a source said. "In the short term, it will not impact PDH economics since polypropylene prices are getting some support at the moment."

Another industry source said China's move on duties could provide a window of opportunity for Middle Eastern producers, such as Iran. Chinese buyers have already been regularly taking Iranian LPG on an fob basis via term contracts. Sources said that in China, only Wanhua Chemical has an fob contract directly with Middle Eastern producers. They added that it would take time for other Chinese buyers and international traders to conclude fresh negotiations.

In 2017, the Middle East supplied 7.95 million metric tonnes of propane to China, accounting for 60% of China's total propane imports. It was 61% in 2016. An escalation in the trade spat between the U.S. and China threatens to derail the recovery in global commodity markets by curbing trade flows and crimping economic growth, observes S&P Global Platts, citing analysts and economists. U.S. tariffs and China's retaliatory rhetoric have emerged as the big risk for commodity demand and prices in 2018, alongside a slowdown in the Chinese economy and geopolitical uncertainty.

North Crawford School District Goes Green with Propane Buses

Over the past two years, the North Crawford School District in southwestern Wisconsin has added Blue Bird propane-fueled school buses to its fleet. The buses lower the district's carbon footprint while reducing transportation costs. "We were spending a lot of money and time on diesel-related repairs, and our research showed propane buses would likely have less maintenance costs," said Demetri Andrews, business manager at North Crawford. "They don't need the extra emissions products installed like our diesel buses."

The district pays \$1.32/gal. for propane compared to \$3.10 for diesel. "Diesel prices are more volatile and difficult to budget for us," added Andrews. His district contracted with a local propane supplier to lock in a price, making propane easier from a budgeting standpoint. Equipped with the exclusive Ford Motor Co. 6.8-liter, V-10 engine, Blue Bird Vision propane school buses are outfitted with Roush Clean-Tech fuel systems. To clean emissions, the propane engine is certified to the California Air Resources Board's strict low nitrogen oxide level of 0.05 grams per brake horsepower/hour, making it 75% cleaner than the Environmental Protection Agency's current emissions standard, and the cleanest propane school bus engine on the road.

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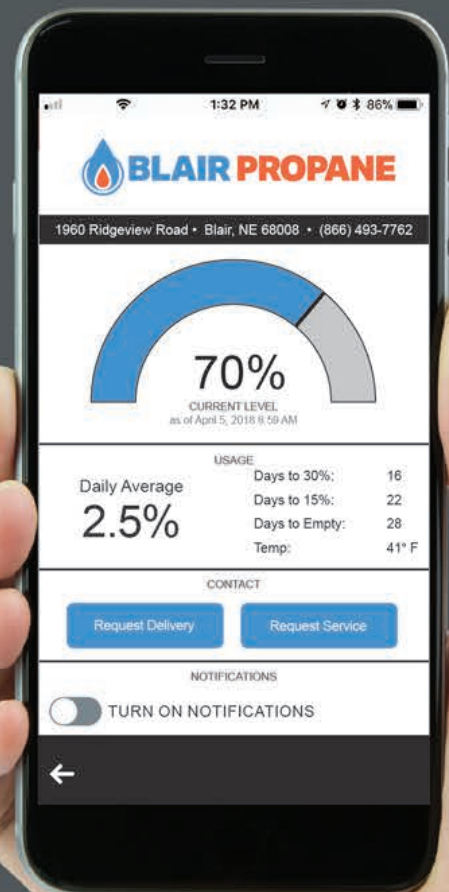
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fleets love the quiet ride, the cost savings, and the opportunity to improve air quality in their communities," said Phil Horlock, president and CEO of Blue Bird Corp.

The North Crawford buses, which run regular daily routes, have reduced nitrogen oxide emissions by nearly 3000 pounds and particulate matter by about 65 pounds annually compared with the diesel buses they replaced.

"North Crawford School District's propane school buses are the cleanest operating school buses on the road today and provide a quick return on investment to school districts of all sizes," said Ryan Zic, director of school bus sales at Roush CleanTech.

The district also chose to install an onsite fueling station. The propane company supplied the tank and the district paid for the slab and electrical hookup. "The district spent a total of \$8000 in fueling infrastructure costs," Andrews added, and those costs have already been recouped through fuel and maintenance savings. North Crawford plans to purchase additional propane-fueled buses in the near future.

Dixie Pipeline Hydrostatic Testing Began May 1, Line Shut Down

Enterprise Products (Houston) said April 16 that Dixie Pipeline hydrostatic testing would commence May 1. The line was scheduled to be shut down and product in the line

evacuated over the course of several days. Terminals east of Hattiesburg, Miss. will have limited product after testing begins and will be constrained by storage on hand at each terminal.

Dixie Pipeline distribution personnel are able to advise wholesale customers on the availability of product at each terminal. Enterprise Products advised customers to make plans to fill their primary storages before testing began. When storages at Demopolis, Ala.; Opelika, Ala.; Milner, Ga.; Lexington, S.C.; Cheraw, S.C.; Albany, Ga.; and Alma, Ga. are emptied, there will not be any additional product available for about two months.

However, the Apex, N.C. terminal is expected to have product during the entire hydrostatic testing process. Customers are asked to contact their marketing representative to make arrangements for supply. Sylva, N.C. will have limited propane available.

Newsbriefs...

...**The National Propane Gas Association** reports that the Internal Revenue Service has issued guidance on how claimants can file one-time claims for payment of credits and payments-allowable for alternative fuels sold or used during calendar year 2017. The credits were extended by Congress for 2017 only. To review the guidance documents, visit npga.org/wp-content/uploads/2018/03/Notice-2018-21.pdf...



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Propane and the Law



By David R. Schlee

The following column by attorney David Schlee originally ran in BPN in April 2011.

In July 2010, a jury in St. Landry Parish, La. returned a verdict that, with interest charges, was more than \$11 million against CenterPoint Energy, a natural gas utility. The plaintiffs were the children and grandchildren of a man who broke a lock installed by CenterPoint when it shut off his service for nonpayment. When the man initiated illegal gas

\$11-Million Award in Louisiana Gas Theft Explosion Case

service to his house, he inadvertently allowed gas to escape from an open gas line. The gas exploded, injuring himself, his wife, his four children, and his infant grandchild. The case is *Jones v. CenterPoint Energy*.

In the spring of 2003, CenterPoint Energy discontinued gas service to the house of Carl Jones in Opelousas, La. for nonpayment of bills. At that time, CenterPoint installed a lock on the service valve. The utility continued to monitor the home's meter for movement so it could remove the meter if it detected any unauthorized gas flow. CenterPoint alleged that it also installed a blind plate to prevent gas from flowing into the house if someone broke the lock and attempted to turn the gas back on to the house.

A month after CenterPoint discontinued service to Jones' residence, he broke the plastic lock that CenterPoint installed and restored gas service to his house. While he successfully restored gas flow to his residence, he also unfortunately initiated gas flow to a leaking gas line where a gas appliance had formerly been located. A few weeks later, at 4 a.m. on June 15, 2003, Jones' wife, Brenda, lit a cigarette, igniting the gas that had accumulated in the house and causing an explosion that destroyed the home and burned the seven family members living there.

In May 2004, Brenda Jones, the Jones' children, and grandchild sued CenterPoint for negligence, alleging that CenterPoint improperly cut off gas service. Specifically, the plaintiffs

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Propane and the Law

claimed that it was foreseeable that a customer would break a plastic lock to steal gas, and therefore CenterPoint should have installed a metal lock to deter Jones from stealing the gas that escaped and caused the explosion that injured them. Perhaps, understandably, Carl Jones did not join the lawsuit.

CenterPoint countered that Jones' actions alone caused the plaintiffs' injuries: he purposefully subverted CenterPoint's measures to prevent gas theft and introduced gas into his house where it escaped and exploded.

CenterPoint also asserted that it took several measures to prevent Jones from stealing gas and allowing it to flow into his house. In addition to locking the service valve, CenterPoint alleged that it installed a blind plate to prevent gas flow. Moreover, CenterPoint asserted that it monitors meters on homes when it discontinues service, and removes the meters if they show any movement. However, CenterPoint argued that it did not detect the theft in this case because

Jones disconnected his residence's meter to hide his theft.

On July 19, 2010, the trial began. CenterPoint argued that the explosion would not have occurred if Jones did not cut a lock and introduce the gas into the house that caused the explosion. CenterPoint also argued that Jones even removed a blind plate and disconnected the meter to steal the gas and conceal his theft.

However, the plaintiffs successfully convinced the jury that CenterPoint should have expected Jones to attempt to steal gas, and therefore should have taken more measures to prevent his actions. They argued that CenterPoint installed only a plastic lock rather than a stronger metal lock, did not install a blind plate in the gas line, and should have removed the meter to prevent Jones from initiating gas into his house. The plaintiffs suggested that CenterPoint also failed to deter theft by not prosecuting others for stealing gas.

After deliberating for three hours,

the jury returned with a verdict for the plaintiffs totaling \$15,334,443. The jury awarded half of the verdict to Jones' grandchild. Jones' wife was awarded \$918,947. The rest of the verdict was awarded to Jones' four children. Jones did not claim any damages and was not a party to the lawsuit. Pain and suffering and other noneconomic damages made up the majority of each plaintiff's award.

The jury also allocated fault, finding that Carl Jones Sr., and CenterPoint, were equally at fault for the explosion. As a result, the court entered a judgment holding CenterPoint responsible for 50% of the total award. The total award, with interest, equaled \$22.1 million. Under the judgment, CenterPoint was therefore responsible to the plaintiffs for approximately \$11 million.

David Schlee is a shareholder in the Kansas City law firm of Schlee & McCarthy PC. He can be reached at drschlee@schleelaw.com.

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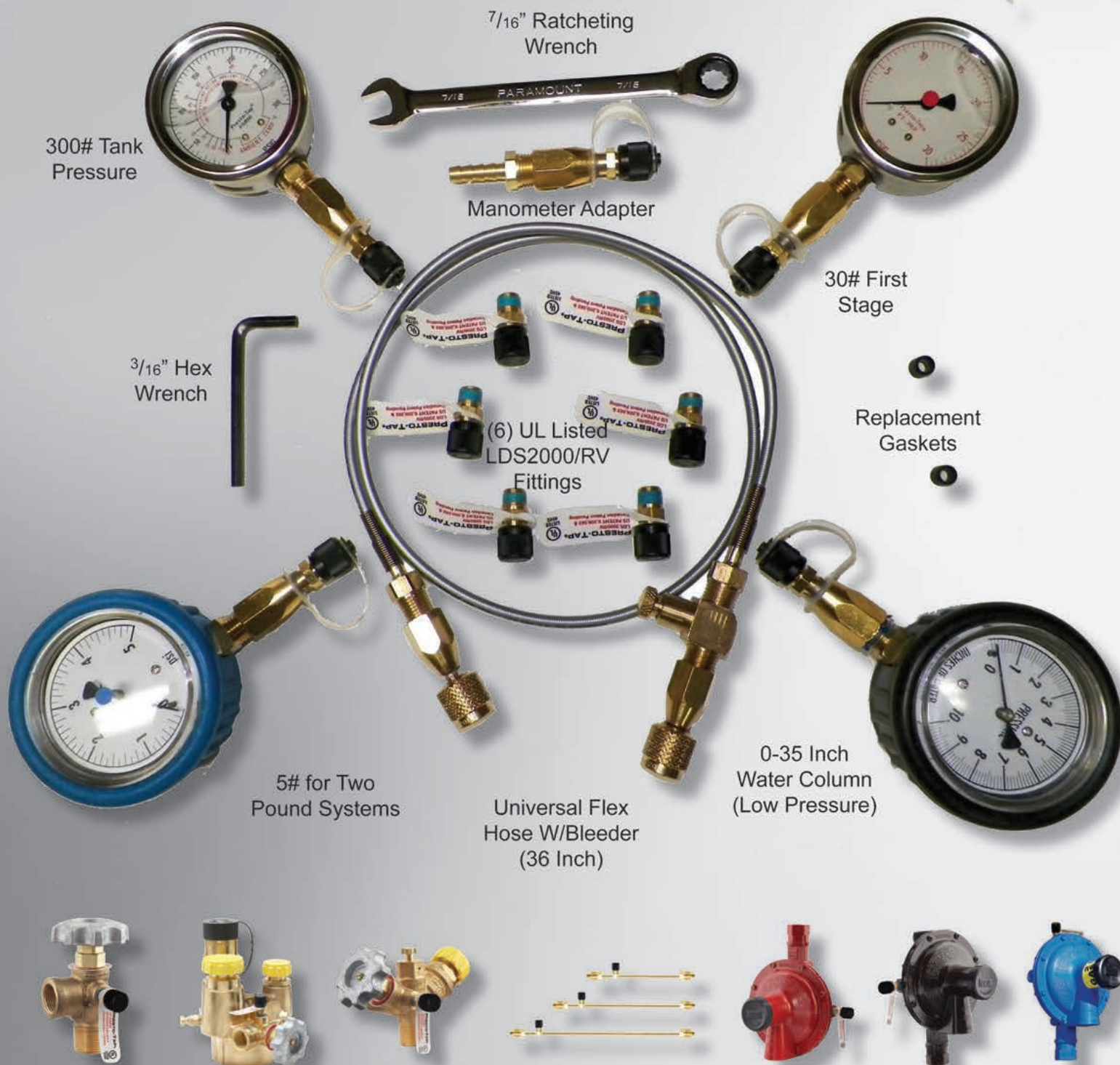
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China Tariffs—Belvieu Propane Prices May Face Pressure

Analysis released in April of U.S.-China trade relations by IHS Markit—namely escalation of the two countries' ongoing trade dispute—finds that both have responded with bids of punitive tariffs that could, if enacted, derail a global economic boom that has benefited the world petrochemical industry, a multinational enterprise that has enjoyed significant profitability across many sectors.

Noted is that the U.S. petchem industry, in particular, has experienced a renaissance in productivity and profitability due to its abundant supply of advantaged, domestically produced shale gas feedstocks thanks to the shale boom, enabling it to invest significantly in capacity and new production, much of which is aimed at exports to feed hungry Asian and Chinese markets.

“While the U.S. represents a country with many resources, including available investment capital, low-cost energy and feedstocks, as well as chemical technology, China represents the primary hub for future chemicals demand growth as it seeks to back-integrate within various value chains to maintain an acceptable level of self-sufficiency in base chemicals,” the consultancy writes.

“China requires these basic chemicals, which serve as the building blocks used in the manufacturing of durable and non-durable consumer goods. These consumer goods are manufactured in China and are sold all over the world, and increasingly are consumed domestically, as China's urbanization levels continue to rise.”

IHS adds that trade between the U.S. and China is a key and essential connection between the two countries. In 2017, the U.S. imported \$505 billion in goods from China, and China imported \$130 billion in goods from the U.S. The bilateral trade relationship's disharmonious deficit of \$375 billion was one of the key issues raised by the 2016 Trump presidential campaign, and now President Trump has made trade with China a major issue in 2018, with numerous tariffs imposed across many business sectors. The Chinese quickly responded in kind, with more tariffs on U.S. imports, many of which take aim at the petrochemical and plastics sectors.

The IHS Markit economics team observes that a potential trade war between the U.S. and China—which pits the world's largest developed country and consumer against the world's largest developing country and supplier—is one shock that

could derail the global economic boom. On March 22, 2018, based on the findings of a Section 201 investigation by the U.S. Department of Commerce into China's alleged intellectual property rights violations, the U.S. imposed a 25% tariff on \$60 billion worth of imports from China. China responded within hours with a tariff plan of its own.

China outlined tariffs to be carried out in two phases covering 128 products worth about \$3 billion. And on April 4, 2018, China announced additional retaliatory tariffs on U.S. products, including a proposal to impose a 25% tariff on U.S. exports of 106 products worth about \$50 billion a year, including several key petrochemical and plastics products such as propane, a key chemical feedstock for the polyethylene and vinyl, generally known as plastics, value chains.

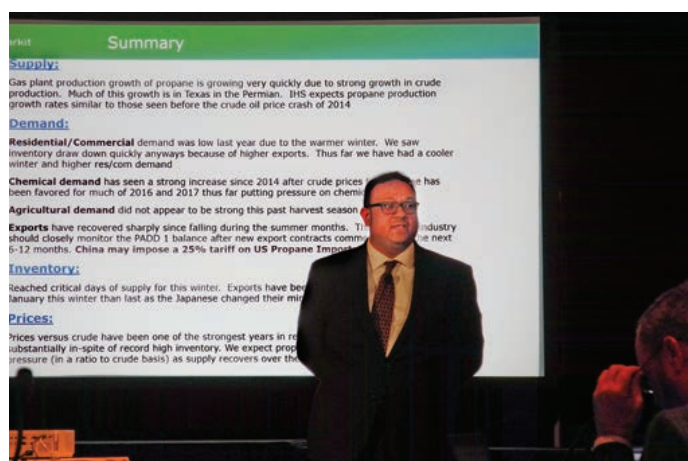
Further, as of April 6, 2018 the *IHS Chemical Week* team reported President Trump had requested tariffs on an additional \$100 billion of Chinese exports, tensioning the ramp-up of the trade spat. IHS says one of the significant risks to its forecast for an extended upcycle of profitability in the global chemical industry is the threat of an all-out trade war between the U.S. and China that would also envelop key allies.

While the trade of energy and chemicals represents a small portion of the total trade between the two nations, the consultancy cautions that, within given petrochemical value chains, the impact of a trade war could be significant. Most notably, it expects impacts to be experienced in the propane and polyethylene (PE) value chains, the latter the world's most widely used plastic, as well as for vinyl, widely referred to by its product abbreviations EDC and PVC.

Propane Production

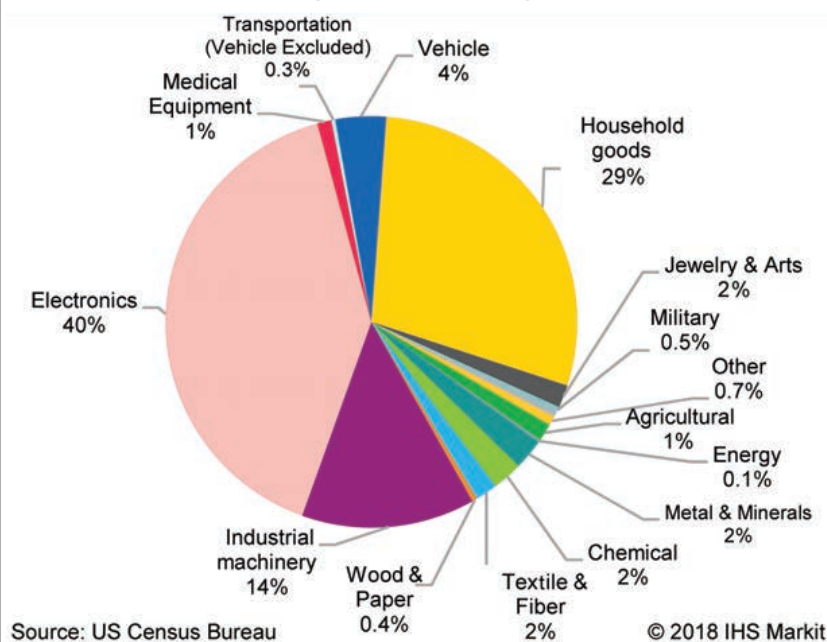
But regardless of any Chinese tariffs in place, U.S. propane production will likely continue to jump since

LPG is produced as a by-product of refining and natural gas processing, IHS asserts. That propane growth is forecast to reach or exceed 150,000 bbl/d this year versus 2017, that figure representing gas plant output alone, says Yanyu He, executive director of the consultancy's Asia-Pacific and Middle East NGL service. Additional output is expected to be augmented by the crude oil refining sector, which is enjoying good

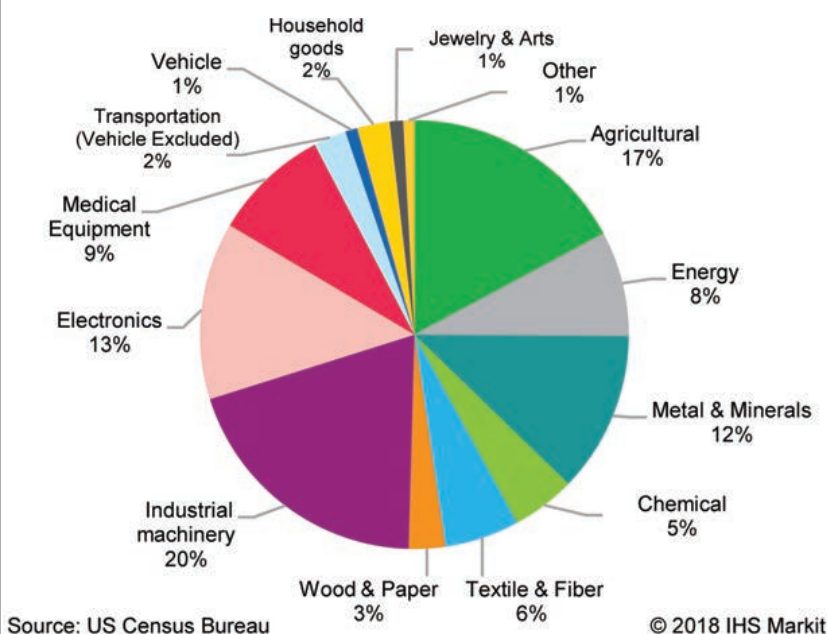


Debnil Chowdhury of IHS presented an update on trade in the Asian market at the PERC meeting.

U.S. IMPORTS FROM CHINA (U.S. \$505 Billion)



U.S. EXPORTS TO CHINA (U.S. \$130 Billion)



refining margins and stronger propane-to-crude ratios, resulting in much less internal burning of the NGL to serve refinery operations.

Nevertheless, in the near-term, Mont Belvieu propane prices could face downward pressure if China reduces import volumes from the U.S., IHS analysis shows. In 2017, the U.S. exported 3.4 million metric tons of propane to China, according to the consultancy, which adds that while the additional propane volumes produced in the U.S. could be diverted as an olefins cracker feedstock, this would not be enough to offset the lost volumes to China. Therefore, U.S. LPG volumes will need to be exported to an alternate market location.

Noted is that, unlike ethane, propane abides in a much

more liquid market, and is therefore fungible in world trade. The expectation is that the China tariff, if it comes to pass, will result in a propane trade rebalancing. For example, northeast Asia currently takes large volumes of LPG from both the U.S. and the Middle East. The market reshuffle is likely to result in Japan and South Korea taking more LPG from the U.S., while China will take more from the Middle East.

“Of course, there are likely some constraints in the near-term, due to term-contract obligations and other considerations,” IHS comments. “Further, we expect price signals to incentivize such a rebalancing act. For example, the U.S.-Asia arbitrage will likely increase for Japan and [South] Korea, whose traders will view U.S. propane as an attractive sourcing option. With that said, the arbitrage is not expected to increase the level of Japanese and Korean demand for U.S. propane that the 25% tariff increase would require to offset the lost demand from China.”

In a presentation before the Propane Education & Research Council at its April meeting in Atlanta, Debnil Chowdhury, executive director, natural gas liquids, at IHS Markit, underscored that China’s 25% import tariff on liquefied propane carries with it the goal to punish U.S. producers and exporters “and deprive them of access to the Chinese import market.”

However, he pointed out that the “actual punishment will be to Chinese PDH [propane dehydrogenation] plants. Although the propane world is fungible, future growth of the PDH industry is highly dependent on U.S. supply—20% today.” He added that regarding term contracts, on an fob (free on board) basis, the destination is irrelevant to the contract. Therefore, Chinese contractors might need to send U.S. propane elsewhere and switch to Middle East barrels.

“Some switch in trade flows may occur,” Chowdhury explains. “Companies with ample Middle East term supply contracts can offer to take a U.S. cargo and substitute it with one from the Middle East. The Middle East cargo would go to China instead of Japan or South Korea and the U.S. cargo will go to Japan or Korea instead of China.”

He concludes that IHS doesn’t see much of an effect on U.S. export volumes, although it does foresee the potential for some price weakness in the U.S. during the summer months as the economics required to clear the market are harder to achieve. Meanwhile, U.S. exports will not change.

His colleague, Yanyu He, maintains, “Along with U.S. natural gas and crude oil production growth, NGL output will grow as well. You can’t reject propane. Nothing about the tariff situation changes our export view.” The Asia-Pacific, Middle East IHS lead adds it will be at the end of

May, at the earliest, before U.S.-China positions come to light regarding the closing rounds of trade tariff game plans.

“LPG is a by-product, and when you look at the impressive growth of [U.S.] crude oil and natural gas, propane exports remain just as strong. They can absolutely go anywhere, although there will be near-term constraints because of certain contracts. In the longer term, the market is fungible.” In other words, a propane cargo, once loaded on a waterborne gas carrier, whether on the U.S. Gulf Coast or the Middle East by a global trader, can be optioned—anywhere, anytime.

Questions remain, however, about how the Middle East will react if tariffs, as posed, are executed. Will the region, especially the Saudi contract price, harden in response? That contract price reacted strongly to another market game-changer—Hurricane Harvey hitting the Gulf Coast in August last year. The storm briefly shut in LPG, for only two weeks, ultimately, although refining operations were more severely hit. Nonetheless, merely upon concerns of extended shipping delays as the Category 4 storm approached, along with a tight Middle East spot market, the Saudi propane contract price for September rose to \$460 a metric ton from forecasts of about \$435, according to S&P Global Platts. However, the current tariff scenario, another game-changer, should it unfold as presented, cannot now be forecast.

What is known is that the Middle East produces significant LPG volumes currently, notes He of IHS, and the region can boost output significantly, especially once, and when, crude oil production curbs now in place among OPEC and non-OPEC producers to support and balance the global oil market expire at the end of this year.

And personalities are in play. China President Xi Jinping, leader of the ruling Communist Party, is oft described as the strongman of the party and is dubbed the new Mao. This owes to his successful concentration of power, assertiveness, and authoritarianism to cement China’s push to reach superpower status.

While he has sometimes signaled to western media willingness to consider market flexibility and trade concessions, his reaction to President Trump’s own decisiveness regarding the two nations’ trade gap has been met with tit-for-tat tariff responses and pointed jabs at the U.S., demonstrating to his own people a more equal bal-

ance of power that has emerged between the two countries. The Chinese and U.S. presidents, at least publicly and to date, have not softened their back-and-forth rhetoric.

Summarizing, IHS asserts that the global propane market is efficient enough to find a “new norm” if the proposed tariffs are implemented. There are likely to be short-term inefficiencies before achieving a “steady-state new norm” caused by short-term contractual obligations and the allowance of enough time for pricing signals to incentivize the global rebalancing of the market.

Plastic

Regarding additional retaliatory tariffs by China for U.S. products essential to its manufacture of plastics, IHS Markit observes there are still many unknowns that make estimating the impacts more challenging, although some products have been targeted, including certain grades of PE. Currently, China is about 60% self-sufficient in terms of overall PE consumption. In 2017, total U.S. exports were just under one million tons, with exports

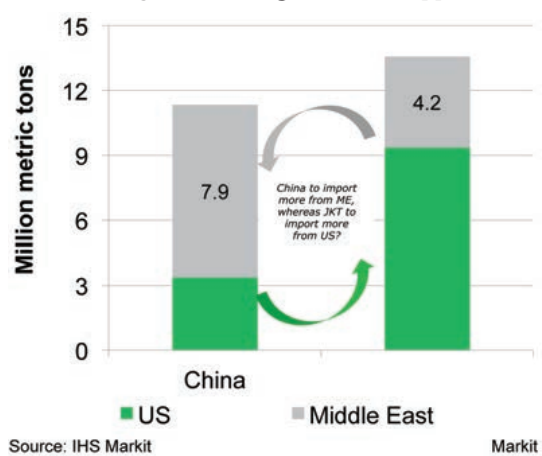
representing about 17% of total PE exports from the U.S. Propane is a major manufacturing feedstock.

If the tariffs are finalized as proposed, it is likely some producers will optimize their global footprint by exporting more products from the U.S. to Europe, while supplying China from their Middle East or Asia-based facilities. IHS forecasts minimal impact on U.S. prices unless the situation lasts into 2019 and beyond, when new LDPE (low-density polyethylene) comes online from Dow, Formosa, and Sasol. Most of the expanded production of LDPE has been aimed at the export market—China—and some may be redirected to the U.S. market. Meanwhile, other U.S. exports targeted by China serve the vinyl value chain, with some carrying the full 25% tariff.

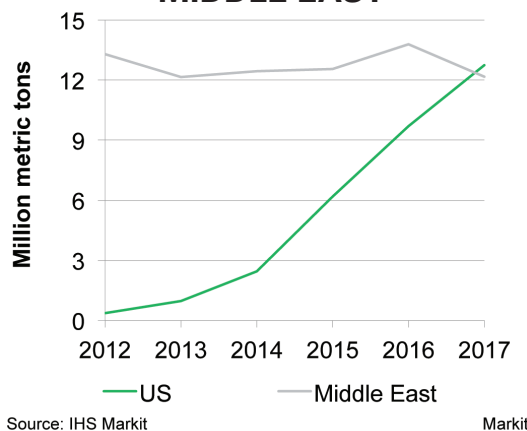
Finally, as the trade rhetoric between the U.S. and China heats up, IHS advises, it is important for U.S. companies that rely heavily on exports to China to begin to identify alternative market scenarios if tariffs are imposed that would make U.S. products non-competitive. But, it is also critical to look at U.S.-China trade from a global trade-balance perspective, since the implementation of tariffs will cause a rebalancing over time, as contracts play out and new arbitrage opportunities open and close.

—John Needham

2017 PROPANE IMPORTS FROM THE U.S. AND MIDDLE EAST BY CHINA AND JAPAN/KOREA/TAIWAN



NORTHEAST ASIA PROPANE IMPORTS FROM U.S. AND MIDDLE EAST





PERC Reveals Consumer Insights Discovered in Focus Groups

When promoting the benefits of propane, the Propane Education & Research Council (PERC) will soon be using a common theme in materials for all the different audiences it reaches: Propane Can Do That.

PERC first used the Propane Can Do That theme on a website and in other materials directed at the agriculture market that was launched last summer. Because it has been so favorably received and generated so much interest in that sector, the theme will be rolled out in materials developed for residential consumers this year, and in materials for the rest of PERC's audiences in 2019.

"Propane Can Do That makes people think about how propane can be used at home and at work," said Gregg Walker, director of communications at PERC. "Americans don't know about all the ways propane can be used, but they want to learn more."

The appeal of Propane Can Do That to residential consumers was confirmed in qualitative concept testing performed for PERC by Harris Insights & Analytics, a global consulting and market research firm. In November, the firm held four two-hour focus group sessions with 33 consumers who do not live on a natural gas line. Each group included a roughly equal number of propane users and non-users.

The firm concluded that the theme piques the curiosity of both, making non-users wonder what propane can do and prompting propane users to wonder what else it can do beyond what they already know.

"We decided to test the theme with homeowner audiences, not with a large quantitative survey, but with qualitative

focus groups so we could watch how they react to Propane Can Do That," Walker explained. "The results were very promising. We found that the theme connected with homeowners in propane country—both users and non-users of propane who live beyond the natural gas mains."

The response from these residential consumers mirrored the results PERC has seen in the agriculture market. "In the few months we have used the Propane Can Do That theme in the agriculture market, we have been very happy with it," Walker said. "It really seemed to connect with farmers and producers and those who do business with them."

"We haven't promoted the Propane Can Do That website much," he added. "Still, since we launched the site, we've had 50,000 visitors and 60,000 sessions. Twenty-five thousand of these visitors have engaged with the site, meaning they have not just glanced at the site, but have watched a video, read a case study, or clicked on one of the links on the site."

Other Key Insights

In its summary of findings from the residential consumer focus groups, Harris Insights & Analytics highlights some other key insights. One is the appeal of propane-fueled backup power and tankless water heaters. Many of the homeowners in the focus groups had not considered a generator, but were interested in the idea. When asked about a tankless water heater, those who had one said they love the convenience and cost savings it provides, and those who don't have one said they see propane as a natural fit for this application.

“We found that these two appliances are especially appealing to homeowners,” Walker said. “With tankless water heaters, the homeowners had either used and loved them or had heard good things about them. The backup generators were appealing to homeowners because their power goes out frequently. One of the homeowners near Sacramento [California] told us her power went out a dozen times last year. So, backup power is vitally important to them. Those with propane-fueled generators raved about them, and the non-users wanted to learn more. One electricity user said he was willing to place a propane tank in his yard in order to have a generator that was more efficient than a gasoline-powered one and in order to have fuel on-site.

“Our research indicated that it’s a good idea to start a conversation about those two appliances, because they have a lot of appeal to homeowners,” he added. “If someone with an all-electric home is willing to bring in a propane tank for backup power, he will likely be a very good candidate for more appliances, including outdoor living and even indoor applications as well.”

Another key finding was that the messages about propane that resonate with consumers are ones that explain how they can personally benefit from using the fuel in their home. The two most resounding ideas were “lower energy bills” and “works when the power goes out.” Consumers didn’t respond as well to emotional appeals, descriptions of business uses of propane, or stories about propane retailers’ relationships to the community.

“We found that homeowners respond more readily to rational headlines than to emotional headlines,” Walker said. “They want to read about increased comfort, lower cost, and better reliability. Like propane professionals, homeowners tend to see through the emotional headlines. That suggests the importance of stating the benefits clearly, both in headlines and in the visuals that accompany them in your advertising.”

Resources for Propane Marketers

While PERC is in the process of reworking its marketing programs and converting them to the Propane Can Do That theme, there is a good deal of material for propane marketers to use in the meantime.

The existing Propane Can Do That website for the agriculture market includes videos, fact sheets, case studies, and other materials explaining the benefits of propane-fueled mowers, irrigation engines, crop dryers, building heat, power generators, forklifts, home appliances, vehicles, and flame weeding. These materials are designed to be read, viewed, and shared by agriculture industry professionals, producers, propane marketers, and equipment manufacturers, distributors, and dealers. Links to every resource can be shared on Facebook, Twitter, or LinkedIn. This site address is propanecandothat.com.

PERC offers similar materials for the other markets propane serves, including residential, landscape, golf and turf, on-road fleets, and industrial. For details, visit propane.com.

In a study released last summer, PERC reported that

two-thirds of propane marketers had used materials from its earlier consumer campaign, Proudly Propane, Clean American Energy, and six in 10 propane marketers had used one or more of PERC’s other market outreach tools to help attract or retain accounts.

“Follow us on Facebook and Twitter and keep an eye on our website, propane.com, to see the new resources that come online,” Walker suggested.

Can-Do Conference

PERC is also organizing a conference that will bring propane leaders together with marketing experts to discover new strategies, tactics, and tips to use in their propane sales and marketing efforts. The inaugural Can-Do Conference will be held July 30-31 in Chicago.

“As retailers are making their marketing plans to promote their companies, I would suggest that they join us in July for the Can-Do Conference,” Walker said. “There, they will be able to learn from experts how to make connections with current and prospective customers.

“This is our first such conference,” he added.

“It was developed in response to increased demand for resources about how to reach customers with positive messages. As we all know, there are so many demands on people’s attention today. How can we get their attention with the many reasons for using propane? That’s one of the things the conference will help retailers do.”

Summing up the new conference, marketing materials, and Propane Can Do That theme, and how they can be used by propane marketers, Walker concluded, “I would stress the importance of talking with current customers and prospective customers about the benefits of propane and, more importantly, your company. The best way for retailers to take advantage of the growing awareness and favorability of propane is to promote your company by getting out there as much as you can.” —Steve Relyea



Propane Can Do That!

“We’ve used Propane Can Do That on multiple fronts,” said Zach Baugher, propane marketing and technical services manager at GROWMARK (Bloomington, Ill.), an agricultural cooperative providing products and services in more than 40 states and Ontario, Canada. “We’ve used it in direct mail, social media—one of our branches even printed it on T-shirts. They printed Propane Can Do That in the center, with images representing different segments of the industry arranged in a circle around that.”

“To me, the message is simple and easy to understand. You can’t get much more bare bones or direct than that. That’s important, when people are so quick to throw things away. Propane Can Do That is also one message that covers all segments.

“Retailers don’t have to customize the materials; you can use them as is. The more ways customers see this message, the better it is for all of us. With the ‘electrify everything’ movement that’s out there, we have to stand up for our product and the things it can do.”

Crane Rule, Jones Act Central Issues of Propane Days

As the National Propane Gas Association (NPGA) prepares to host Propane Days June 3-6 in Washington, D.C., exemptions from several rules that most in the propane industry find very unnecessary and costly are the key challenges to discuss with lawmakers. In the case of both the Occupational Safety and Health Administration (OSHA) Crane Rule and the Jones Act, which will be discussed in detail with lawmakers, no one is strongly advocating why it is beneficial for the federal government to require the propane industry to follow these rules. "Inertia and resistance to changing anything in the final OSHA Crane Rule is what we're up against," said Phil Squair, senior vice president of public and governmental affairs at NPGA. "The Jones Act is different though, because many see exemption proposals as a foot in the door for implementing more exemptions for a wider array of groups or products."

In the case of the Crane Rule, OSHA originally implemented a three-year delay of enforcement, followed by a fourth year, to allow time for the agency to make changes to the final rule. NPGA believes that third-party certification of crane operators should not be required as the size of the cranes used is limited since they are utilized simply to move and set tanks. "It has been common sense all along that the simplicity of the propane technician's task shouldn't be treated the same way as people who work with huge cranes on the top of skyscrapers," Squair said. "Nonetheless, after over three years now, OSHA has taken no action on this rule except waiving compliance for a fourth year."

With the waiver set to expire again this year, propane industry leaders are concerned about members ultimately being mandated to take extensive and costly certification of crane operators. "OSHA still does not have an administrator," he explained. "Employees of agencies with no leader have no ability or incentive to implement policy changes. That's the mud we're stuck in at OSHA." Squair believes Propane Days is an event that can convince Congress to take action to end the stalemate with OSHA. "Congress members understand and appreciate the cost and time associated with our industry members coming to town to talk about issues that affect how they run their businesses back in their home districts. A lot of push behind specific issues can really get their attention and cause progress."

The Jones Act is another issue that has hampered the propane industry from efficiently serving customers. While

this century-old law stays on the books essentially to appease ship builders and dockworkers, a waiver for the propane industry would have a net positive effect on the U.S. economy. The law states that only U.S.-built vessels may carry products from one U.S. port to another. However, in the case of propane, there are no U.S.-built vessels for shipping the fuel. Compliance with this law means U.S.-produced propane cannot be shipped from U.S. ports in the Gulf of Mexico or even Puerto Rico directly to the Northeast when needed to alleviate a shortage of product. Instead, propane from outside the U.S. will often need to be imported from another country.

New England propane marketers are particularly motivated on this issue as their region stands to gain the most by making changes to the Jones Act. "New England just had another tough winter. It was extremely cold, and they have infrastructure issues and driver limitations," Squair said. He pointed out that neither the OSHA Crane Rule

nor the Jones Act are particularly partisan issues. In the case of the Jones Act, the lawmakers representing coastal regions will typically be strong on their support of the Jones Act while inland legislators will tend to be less supportive.

"Propane Days will be a great time to educate Congress members on the Jones Act and its impact

on citizens in their districts who cannot get a maritime shipment of U.S. propane from a U.S. source," Squair explained. "Senator McCain actually has proposed legislation to get rid of the Jones Act altogether. While we would be fine with that, we feel a waiver just for the propane industry might be our most reasonable outcome." He added that many in the maritime arena want no waivers for anyone as they see them as leading to more waivers for a broader section of the country.

In addition to sharing concerns about the OSHA Crane Rule and Jones Act compliance, marketers will be encouraged to ask for continuing alternative fuels tax credits. "It helps the propane industry and our customers if these tax credits stay in effect rather than being allowed to expire. They are effective in boosting demand for propane technologies, which increase American energy security and reduce environmental impacts of traditional fuels," Squair said. Propane Days, as always, will have a few well-known speakers. This year political analyst Larry Sabato, a Robert Kent Gooch Professor at the University of Virginia, will deliver a keynote speech. "I am also looking forward to having a leader from the Hill speak as well," Squair said.

—Pat Thornton



Family Business Strengths Include Control, Flexibility, Ties to the Community

In each of the past three years, Massachusetts Gov. Charlie Baker has proclaimed a day in June to be Family Business Day. “Family businesses are a great and significant component of our heritage and culture, and greatly contribute to the commonwealth’s economy,” his 2017 proclamation says. It also reports that family-owned businesses account for 60% of total U.S. employment, 78% of all new jobs, and 65% of wages paid.

In the propane industry, every day is Family Business Day. More than 70% of propane companies in the U.S. are independent, family-owned businesses, the National Propane Gas Association (NPGA) reports.

Family-owned businesses can have both strengths and weaknesses when compared to other business models, say two propane industry experts from Propane Resources (Mission, Kan.). Propane Resources assists propane retailers with business valuations, business sales, supply and risk management, marketing, and consulting. The consulting focuses on helping build value, and many of those who take advantage of that consulting are family-owned businesses.

“A lot of the companies we work with are family owned,” said Tamera Kovacs, financial consultant with Propane Resources. “They tend to be mid-size and smaller companies that don’t have the resources of larger companies. We can be their ‘back office’; things like supply, marketing, and consulting services, they can outsource to us.”

“We are a third party working with businesses, often family businesses, to identify issues and provide solutions,” said Cooper Wilburn, consulting analyst with Propane Resources.

While working with businesses in this capacity, they have found that those that are family-owned can have many strengths. These include control, focus, flexibility, and close ties to the community.

“They have control of the business. They get to set the rules,” Kovacs said.

“Managers of a company don’t have that kind of control. In a family business, everyone can be focused on the same agenda and move ahead.”

“They are a family-owned business located in the community; they are not just one location of a large corporation,” Wilburn said. “Their customers don’t have to leave a voice mail; they can put a face to the name.”

At the same time, the two propane industry experts said, family-owned businesses can have some vulnerabilities. These include conflicting agendas and discord among family members.

“We’ve talked about the good; there’s also the not-so-good,” Kovacs said. “I mentioned earlier that a family can be focused on the same agenda. But if there is discord in the family, they may not be on the same agenda. For instance, you can have one family member who is involved in the business and another who is not.”

“When passing the business down to the next generation, the third, fourth, or later, generations become more challenging as the shares may be spread among multiple people rather than a couple of people,” Wilburn added. “So, you need to have roles within the business for many, but you need one person who is the visionary and who can have the final say when there is a disagreement.”

These are some of the issues that Propane Resources can help a family-owned business resolve. The company generally works with companies on a one-to-one consulting basis.

“We can be the objective third party who says, ‘Here’s what seems to be the problem, and here are some potential solutions,’” Wilburn explained.

“We work with companies to achieve their goals, whatever they may be,” Kovacs added. “We offer a wide array of ways to help companies, such as valuations when it is time to sell or management-level training to help a new generation come into the business.”

In the following pages, BPN takes a look at how some propane companies are making the most of their status as a family-owned business. These articles are the first in a series on this topic. We will celebrate more family businesses in the next few issues of BPN.

Second Generation's First Priority: Keep Doing What Works

As Kristy Richardson prepares to assume leadership as the CEO of the propane business founded by her parents, the second-generation business owner's first priority is to continue the practices that made the company such a success in the first place.

Steve and Shelly Brown founded the business, Western Propane Service, in Santa Maria, Calif., in 1988. They, along with their children, Kristy (Brown) Richardson and Mike Brown, who were respectively 11 and 8 years old at the time, had picked up and relocated from Gilroy, Calif. They had a business plan to start a locally owned and operated propane company with the philosophy of providing customers with fair prices and excellent customer service. In the beginning, Steve was setting tanks, delivering propane, and selling door to door, and Shelly was taking care of the general office duties in a spare bedroom they called their home office.

Today, the company has three locations and is adding a fourth this year. After opening their first office in Santa Maria, they added facilities in Ventura in 2011 and

Cuyama in 2015. They are adding a fourth location in Lebec in 2018. The operations consist of family members and 27 employees who serve more than 4500 customers spanning five counties on California's Central Coast.

Western Propane Service delivers propane to residential, commercial, and agricultural customers. It also operates a thriving propane cylinder exchange. The company's service technicians perform gas appliance conversions, install exterior gas lines, and perform minor appliance repairs. The salesmen still use the same door-to-door sales technique that Steve Brown started with back in 1988.

Involved From the Beginning

Looking back, Kristy and Mike can recall family outings on the weekends consisting of long car rides through the Central Coast looking for potential customers. Come Monday mornings, Steve hit the pavement ready to knock on each door. Over the years, Kristy has assisted in the day-to-day operations of the company. Her brother, Mike, did the same, even painting propane tanks as



General manager Michael "Woody" Woodside, left, and Steve Brown.



Dave Evans, Western Propane Service's lead driver, has been with the company more than 10 years.



Western Propane Service has three locations and is adding a fourth this year.



Western Propane serves more than 4500 customers spanning five counties on California's Central Coast.



Steve and Shelly Brown with granddaughter Delaney Brown.



The Western Propane headquarters in Santa Maria, Calif., was built in 2000.

needed over summer breaks. Today, he serves as the commander of the California Highway Patrol in Santa Maria, Calif. His current involvement in the company includes being its branding, marketing, and website developer.

Kristy Richardson graduated in 1999 from Sonoma State University with a business marketing degree. In 2000, she and her new husband moved back to the Central Coast to help run Western Propane Service. Recently, when her parents began to consider retirement, she was ready to assume leadership.

"After attending a Western Propane Gas Association Convention in 2015, my dad participated in a family succession seminar and began to consider a retirement plan. He then asked my brother and me how we wanted to participate in the future of the company. It was important to us to carry on the family business in our parents' footsteps, not only for our immediate family, but for our extended Western Propane family," she says.

"Being involved from the beginning helps," she adds. "Seeing the sacrifice, hard work, and dedication of my parents has really taught us to appreciate the business and all of its potential."

Keeping a Connection

Today, Kristy Richardson says, her priority is to carry on the core principles she has learned from her parents that have made the company so successful. These include always being honest and fair with customers, treating employees like family, and maintaining a small business atmosphere as the company grows larger.

"Our goal for Western Propane Service is to maintain the simple philosophy of being honest and fair with our customers while striving to find the best way to serve them.

"We are trying to grow, but maintain our small business dynamic," she adds. "We remember people's names. Making personal connections is extremely important to us. Keeping the human interaction with our customers maintains a deeper sense of empathy, putting us in their shoes. Each one of our customers is just as important as the next, and we want them to feel that way from the beginning of our relationship.

"We want to keep that same connection with our employees. We are not only coworkers, but we are a family. Our employees have invested their lives in this business. One of our employees has been here for over 25 years. Our goal is to promote from within. Each time we have expanded to a new location, key employees have been promoted to manage the expanding areas.

"I want to try to keep my parents' philosophies," Kristy Richardson concludes. "That is what keeps a business going from one generation to the next. We want to keep a connection to the way things were when the business was started, and maintain the personal attention that helped the business connect with our customers. For example, my dad has always said we need to pick up the phone by the second ring. That way of thinking has helped guide us to continue to be service minded.

"We always say, 'There's a reason why things are working.' Things work because my parents have stayed true to their business fundamentals. Some change is good in any business. Although my brother and I have come in with fresh ideas, our goal is to keep the foundation of this company true to the original beliefs and ideas that my parents' dream was based on."

—Steve Relyea



Shown here are, center, Steve and Shelly Brown; left, Kristy Brown Richardson, husband Matt Richardson, and children Lily and Cole; and, right, Mike and Leslie Brown and children Bailey, Whitley, Sydney, and Delaney.



Paraco Gas Marks 50th Anniversary

This year marks the 50th anniversary for Paraco Gas, now based in Rye Brook, N.Y. The organization takes immense pride in having reached this significant milestone, crediting its success to its current and former employees, along with all its

valued and long-standing customers.

Pat Armentano founded the firm Patsems, a welding and industrial gas supplier, in Mount Vernon, N.Y. in 1968. The youngest of 10 children, he was known as generous, kind, and extremely personable. His success in business was in part due to his ability to connect with people and bring out the best from all of those who worked with him.

Despite lacking a formal higher education, he was a natural and talented entrepreneur and continued to grow his company throughout the 1970s. In 1979, on instinct and with limited resources, he purchased Paraco Gas, a small propane marketer in Peekskill, N.Y. In 1986, the company acquired the assets of Suburban Propane on Long Island, which transitioned the business from a mom-and-pop to a corporate operation. Over the next 20 years, working with his wife and sons, the elder Armentano grew the company into one of the nation's leading propane retailers.

Today, Paraco is recognized as the 10th-largest propane retailer nationally and largest privately held propane company in the Northeast. It serves 120,000 customers in New York, New Jersey, Pennsylvania, Connecticut, Rhode Island, Massachusetts, New Hampshire, and Vermont from 27 distribution locations. The company has grown aggressively through acquisitions and is proud to now have more than 500 employees.

Since 1987, Joseph Armentano, Pat's son, has led and operated the business as CEO and has been instrumental in transitioning the company to a leading multistate corporation. As the company positions itself for continued expansion through acquisitions and organic growth, Christina Armentano, Pat's granddaughter, will lead that growth as executive vice president of sales and business development.

While the company gears up for the next 50 years, the Paraco team reflects on values and life lessons that the elder Armentano instilled in his children and grandchildren. He stressed a strong work ethic, personal responsibility, and respect for oneself and others. Paraco continues to be guided by the values he initially brought to the business and looks forward to serving its customers in the many years ahead.



Pat Armentano at the Peekskill grand opening in December 1979, which gave Paraco the opportunity to grow in New York's Hudson Valley.



Joseph Armentano and his daughter, Christina, at the 2018 NPGA Southeastern Convention stand in front of a newly branded propane autogas box truck.

David Lowe: Don't Strike Out, Hit a Homer with Drivers

Is compensation a driver's only consideration on the job hunt? "Absolutely not," according to David W. Lowe, vice president of sales for Johnson City, N.Y.-based Pro Image Communications. Recruiting quality drivers who are willing to stay with a retail propane company has become more of a challenge for many marketers.

"Most retail propane marketers don't have a human resources department and they aren't trying to maintain a large fleet of trucks. Most typical small retail propane marketers need [only] two or three good drivers and they want them to stay for a long time," Lowe said. Building a company culture with clear expectations that appeals to quality drivers looking for a long-term, stable career opportunity is essential.

Lowe is not a newcomer to the subject of driver recruitment and retention. Having grown up in a family retail propane business in Michigan, he has spent most of his career in a variety of companies where he evaluated, hired, trained, promoted, and sometimes terminated many drivers. "Winners like winners," Lowe explained. "The right potential employees look for a great team to work with. They recognize losers quickly. Recruiting, evaluating, and leading drivers is a lot like evaluating, recruiting, and managing professional baseball players."

Lowe, also well-known in the propane industry for his passion for baseball, offered the analogy that professional drivers are very much like professional baseball players and have a strong need to feel they are positioned to succeed and on the right team. Lowe should know. He also has experience in professional baseball, working for the New York Yankees in the minor league and scouting departments. In addition to serving as the assistant general manager of the Yankees' Class A team in Fort Lauderdale, Lowe has also owned and operated a baseball-softball training center in Lansing, Mich. His work with delivery drivers includes employment at his family's businesses, Lowe Bros. & Dad and LB&D Truck Lines (Moorman Livestock Feed).

He has also worked for Stanford LP Gas in Michigan and consulted with many more companies in Ohio, Pennsylvania, Wisconsin, and Texas, to name a few. Lowe has employed many of the same development philosophies whether evaluating and training baseball players or delivery drivers. Just as he has worked with professional, college, and youth baseball and softball players, he has sat in the cab with many drivers of all ages, trained them on everything, written employee reviews, and developed metrics to evaluate each driver.

"Whether drivers or ballplayers, there is a difference

between treating people equally versus treating them fairly," Lowe pointed out. "Treating people equally means they receive the same reward regardless of their performance. Treating them fairly means their reward will be determined by the metrics and goals they achieve." This strategy has worked well for Lowe throughout his career. "If people are motivated to reach some agreed-to goals and know the reward, they will work hard to achieve the goals."

With propane delivery, he emphasizes that efficiency is critical to the equation. "We shouldn't be rewarding miles driven or number of deliveries since anyone can drive a lot of miles or make numerous deliveries. Companies usually are much more successful and make more money when drivers drive fewer miles and deliver more gallons per stop. It is almost always more cost-effective and less work to make deliveries of 300 gallons per stop versus 200 gallons per stop. There should be a larger reward for the driver and the company for delivering the gallons more cost-effectively." Ultimately compensation must tie to improving gross margin.

Lowe added he also feels that treating drivers fairly means paying fairly. "Sometimes we see companies where owners have boats, fancy cars, take a lot of trips, interact very little with employees, try to pay employees the bare minimum, and then are challenged with recruiting and retaining quality drivers. Winning drivers can quickly detect a poor work situation very easily. Companies that fail to pay competitive wages, lack an incentive compensation, and cannot keep a driver on the payroll through the summer will risk losing those drivers before the next winter to a better opportunity." Lowe said he feels such operations require a company culture and mindset overhaul if they want to recruit and retain drivers.

Another factor companies should consider when trying to attract drivers is to appeal to various age groups and provide for their needs. "Millennials have different wants and needs than baby boomers," Lowe noted. "Every individual is different, but there are certainly trends in terms of what age groups value in employment situations." Regardless, communication, building a relationship with drivers, and a strong understanding of expectations and rewards are critical components of retaining quality drivers for the long-term.

David Lowe has long-term experience with managing and retaining quality drivers over the years. He shared his expertise during his breakout session at NPGA's Southeastern Convention in Atlanta. His presentation was titled "Strategies and Impact: Driver Recruitment, Training, and Retention."

—Pat Thornton



What I've Learned After 20 Years of Valuing Propane Businesses

By Tamera Kovacs

Over the past 20 years, I've had the opportunity to work with many retail propane marketers on a wide range of projects. It seems that each and every project had the same underlying theme—building value. I have learned that to build value, business owners must set clear goals/plan ahead, work as one with partners/family members, employ and train great staff, and document everything. Above all else, each owner or business manager is in charge of making the company the best it can be.

One of the areas of greatest opportunity for retailers, and probably the most difficult, is planning. It appears to take valuable time away from other tasks that seem more important...and, it's not fun. Forethought can be the difference between a partnership that has deteriorated yielding you a smooth exit strategy, or, leaving you a strong successful business and being held hostage by an angry partner...all the while watching the value of your years of hard work slowly erode. Something as simple as a buy-sell agreement between partners can save undue stress and money.

Unfortunately, we see this too many times, and it's usually after the pain has become so great the retailer doesn't know what to do next. Putting agreements in place when everyone has the same agenda is critical. We all say, "Oh, that won't happen to me." But history lives to tell. If you haven't begun planning, start now! Be proactive. If you have partners, work with your attorneys to create a buy-sell agreement, making sure you include the triggering events to act on as well as methodology for valuing the company. Do it while everyone is in agreement. And please, purchase key-man insurance to protect the business in case of an unfortunate event. We always think it will happen to the other guy, but not us.

The question I receive most is, "How does my company compare to other retail propane companies?" Everyone wants to make decisions based on the (perceived) success of others. Our advice: Build your business based on *your* goals. Compare your business today to your business yesterday, last year, and/or five years ago. This is where you begin to see the greatest impact. The benefit of understanding how other retailers operate should not be to compare your businesses, but to gain insight into new practices that if implemented could make your business more successful.

Put together a one-, five- and 10-year plan. Sure, it will change, but you've thought about who you are and who you want to be as a company. Many owners try to *be* their competitor, and not themselves. They also set their prices based on the competition. I guarantee your cost of doing business isn't the same as the competition. Understand your cost of doing business. Decide who *you* want to be in the marketplace; be creative and do what isn't easy to

duplicate. When you do things right (not easy), you'll set yourself apart from the competition.

The retail propane industry was founded by family-owned businesses. While some work like well-oiled machines, others are messy. Running a business is challenging...even during the best of times. Add family to the mix and it gets even more interesting and complicated. Again, planning becomes absolutely critical when there are multiple family members working at the business. Without careful planning, families become fractured and alienated. One of the most common issues is when one member of the family works and grows the business while other family members not (as) involved (yet with equal ownership) benefit from the former's labors. Is it fair for the family member charged with growing the business to get the same amount of benefits as the family members not involved? There is no right answer—careful planning and working through this process, making sure everyone is in agreement, can avoid family strife.

Employees typically make up 40% to 60% of the total operating expenses. With so much of the operating expense tied to employees, it amazes me how many retailers approach the subject of employees as, "I have a position to fill and I'll pay \$10 to \$12 per hour." That is one way to approach the role, but you may miss out on someone who may cost \$18 per hour but accomplishes the same as three employees earning \$10 per hour.

One of the primary differentiators between companies is employees and the flexibility and control they are given to get their job done. If you're a controlling leader, give this a thought. Consider how much one person (you) can accomplish compared to a staff of well-trained employees who understand the goals you've set and who have been trained and delegated certain authorities. Delegating and relinquishing control takes faith, which means you need quality employees whom you trust. Take the time and effort to train employees. It's not easy; if it were, everyone would do it. Ever hear the saying "You get what you pay for"? If you want high-level performance from employees, you may have to pay a little more to get it. After all, it's your staff that will make or break your profitability, and it starts with you.

Run your business like you are selling within the next three years (with the exception of capital purchases). You'll be amazed at how this impacts the decisions you make. Your focus will shift to one of building value. Every decision will be based on "Will this increase or decrease my value over time?" It will also force you to do the things that are not fun and are difficult to judge related to profitability—documentation and business analysis. Documentation such as signed tank leases on file, gas/leak checks on file, employee records, DOT records, vehicle maintenance files, etc., inevitably increase your company's

(Continued on p. 36)

Generation Attributes: Traits, Technology, Trends

	Baby Boomers (1946-1964)	Generation X (1965-1976)	Generation Y /Millennials (1977-1995)	Generation Z (1996 and later)
Major Trait	Competitive	Self-Reliant	Immediate	Hyper-connected
Technology	Fax Machine	Personal computer	Google, Facebook, Twitter	Smartphone apps, Texting, Snapchat
Trends	Divided into "Hippies" and "Yuppies" Raised by "Silent Generation" Civil rights, feminism, Vietnam War	"Latchkey kids" Raised by early Baby Boomers 1987 stock market crash Challenger explosion, fall of the Berlin Wall	"Millennials" Raised by late Baby Boomers, sometimes "helicopter parents" September 11th	"Digital Natives" Great Recession Being raised by Generation X

Is Your Business Prepared to Attract a Future Workforce?

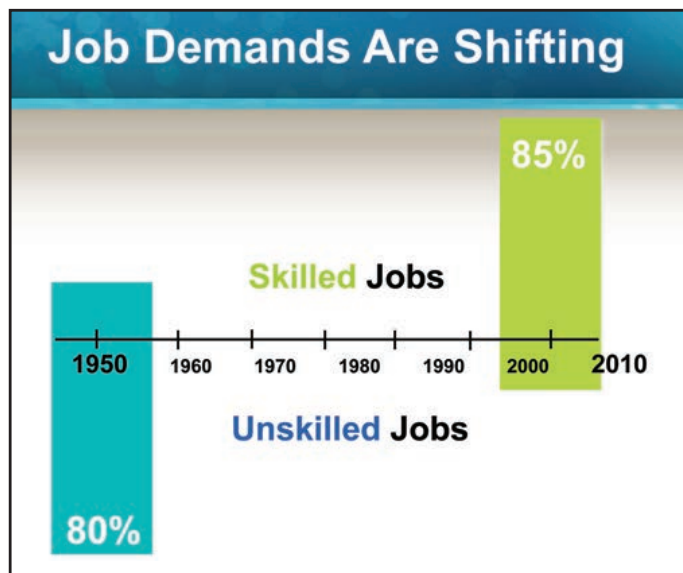
The propane industry—like every other industry—is facing a shortage of knowledgeable and skilled workers. With 78 million baby boomers projected to retire by 2025, a number of factors are contributing to a workforce shortage situation, including new priorities of the millennial generation, a focus on every student being advised to get a college degree, changes in labor market demand, and a shifting focus of the education and workforce system.

Research tells us that industry will need at least 4.7 million new workers with postsecondary certificates and we will fall short of that goal by three million workers. Research also tells us that millennials are more diverse than any other generation, and their approach to learning and work is unlike what's been seen in previous generations. Millennials live in a digitally-enriched, high-tech environment and expect the same environment in the workplace. This generation also looks for social value when making decisions about where to work. What does this mean for the propane industry? It means every business in

the industry is competing for the time and attention of prospective workers. It means the propane industry needs to rethink how it recruits, hires, and trains its workforce. It means the industry must reach out to students in high school and begin communicating the value and benefits of working in the propane industry. It means the propane industry must think and act differently than it has in the past and it must do so *now*.

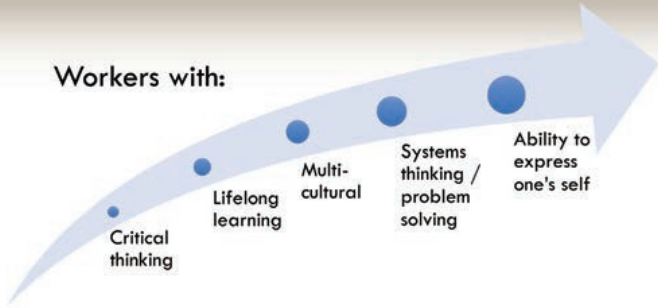
In her presentation on Recruitment, Training, and Retention: Planning and Preparing Your Future Workforce at the Southeastern Convention & International Propane Expo, Janet Bray explored the issues and opportunities that impact the

propane industry as it faces challenges with an aging workforce and the retention of new employees. Bray, chief strategist and founder of Bray Strategies, brings a unique perspective and vision to best practices for connecting education and industry for a relevant, skilled workforce. With her 40-year tenure in the association management profession, Bray has provided leadership to a variety of associations in strategic planning, educa-



What Industry Needs

Workers with:



Critical thinking

Lifelong learning

Multi-cultural

Systems thinking / problem solving

Ability to express one's self

The Challenge for Educators and Industry

We are currently preparing students for jobs that don't yet exist.....

using technologies that haven't yet been invented.....

in order to solve problems we don't even know are problems yet.

Current PERC Operating Definition of Blended Learning

- Blended learning for the propane industry includes using a mixed media format of CETP E-Learning and classroom training.
- Example:
 - Blended learning could include reviewing a CETP E-learning program on-line, then signing up for an in-person review class to review the content prior to taking the NPGA CETP Certification exam.

tion program development, outreach to related professions and publics, and creation of innovative programs and services.

For more than 11 years, she served as the executive director of the Association for Career and Technical Education, a not-for-profit association representing over 30,000 professionals across the United States. Bray currently provides expertise to numerous associations including the Industry Workforce Needs Council, National Restaurant Association Education Foundation, Manufacturing Skills Standards Institute, Society of Manufacturing Engineers, Career Readiness Institute, Pathways to Prosperity project, National Association of Workforce Boards, and Department of Labor.

She represents the career and technical education and workforce profession on a number of boards and advisory groups, including the Home Builders Institute Board of Trustees, Manufacturing Skills Standards Council, National Coalition of Certification Centers, Physicians Assistants Foundation, HVACR Education Foundation, and ANSI Certificate Program Accreditation Committee.

Bray served as the program coordinator for the Apprenticeship Forward conference and is working with the hospitality, automotive, and propane industries to develop registered apprenticeship programs. She has authored or co-authored several articles including "Developing Human Capital: Meeting the Growing Global Need for a Skilled and Educated Workforce," and the "Trends in National Policy" chapter in "Career Pathways, Education with a Purpose," by Dan Hull. In addition, she is a co-author of the 2015 white paper, "Transforming Career Counseling: Bridging School to Career in the Workforce of the Future."

—Andrea Young

Valuing Businesses

(Continued from p. 34)

value. Business analysis such as gallon growth, gross margin trends, and net tank sets by size, reasons for customer gains/losses, managing zero-throughput tanks, and maximizing delivery efficiencies, etc., also increase your company's value. In the end, companies are valued based on the last three years' trends and profitability. The quality and effort in which you run your business will impact the multiple applied to that profitability. Even though you may not be thinking about selling in the near future, why not maximize profitability and improve your business practices throughout the life of your business, not just the past few years?

For the first several years valuing businesses at Propane Resources, I would almost get physically ill before sending a completed valuation to the customer. I was so afraid, no matter what the value of the business, that the customer would think it was too low and blame me for the lower-than-anticipated value. One day, after being raked over the coals by a customer about the valuation of the company, I had an epiphany. I wasn't the person mak-

ing the business decisions that resulted in the value. I realized I shouldn't be worried about what a company's value is and I certainly shouldn't feel responsible.

This is probably the most important lesson I learned over the years, and it should be the most important one you take from me. You, the owner and/or business decision maker, and the decisions you make, will ultimately determine the value of your business. It's not the buyer's fault your business isn't what you believe it should be, nor is it the buyer's responsibility to pay more than it is worth. Start now. Learn what your business is worth. If it's not what you want it to be, then start implementing value-building changes. Plan, set goals, set guidelines to improve partner relations, hire for greatness (not value), and above all else...remember, you're the catalyst to make your company great.

Tamera Kovacs is a financial and business consultant for Propane Resources, which provides financial and operational consulting, merger and acquisition services, supply, transportation, and marketing communications services for the propane industry. She can be reached at tamera@propaneresources.com.

Positive Feedback, Attendance Growth Hallmarks of 2018 NPGA Expo

The National Propane Gas Association's (NPGA) Southeastern Convention & International Propane Expo returned to the Georgia World Congress Center in Atlanta this year after being held in Nashville the past two years. The 71st annual gathering, held April 6-8, drew nearly 3300 participants. This marked a 6% increase compared to the last time the event was held in Atlanta in 2015.

The three-day event attracted participants from 48 states, the District of Columbia, Guam, Puerto Rico, and 31 foreign countries and territories. In addition, the nearly sold-out 180,000-square-foot exhibition hall included more than 240 exhibiting organizations.

Program highlights included a keynote presentation by Greg Gumbel of CBS Sports; PERC Update Live by Tucker Perkins, president and CEO of the Propane Education & Research Council (PERC); and a Women in Propane Roundtable—Management Matters. Twenty-eight breakout sessions, seven fast-track sessions, several propane technical workshops, and a Women in Propane Leadership Forum rounded out the information-filled three-day event. New this year was a Propane Cargo-Tank Test & Inspection Workshop that NPGA added to agenda.

In addition to the three-hour expo welcome reception, other networking events included receptions held by Women in Propane and another by the Young Gassers. The Rev. Dr. William Fullilove returned to offer his inspiring message at the annual prayer breakfast. "Feedback from membership on our return to Atlanta has been overwhelmingly positive," said Richard Roldan, NPGA president and CEO. "Not only did marketers gain useful information from a great mix of education sessions, but exhibitors were pleased with the quality of visitors to the show floor."

The exhibit hall included the United Propane AutoGas Solutions (UPAS) Group's autogas pavilion. In this area, the focus was on products, processes, education tools, and services specific to the rapidly expanding autogas market. A New Products Showcase, presented in partnership with PERC, displayed new products and technologies.









Freightliner S2G:

PERC hosted the third annual Freightliner Custom Chassis Corp. (FCCC) S2G Forum in conjunction with the 2018 NPGA Southeastern Convention in Atlanta, an event designed to provide a venue for propane marketers and body manufacturers to communicate openly with members of the Freightliner Custom Chassis Corp. staff. Topics reviewed included recent actions implemented to correct open items with the propane-fueled S2G bobtail, product enhancements for future S2G bobtails, and service after the sale. Attendees were very excited and supportive of the steps taken by FCCC.

“With PERC having made an investment in developing the S2G, we take great ownership in wanting a partner to provide a product that works,” said Tucker Perkins, president and CEO of the Propane Education & Research Council (PERC), who addressed attendees. He shared that Michael Taylor, PERC’s director of autogas business development, has acted as a liaison and provided assistance for propane marketers who have had issues. “While I am not happy with the S2G Freightliner issues, it may seem counterintuitive, but I also can’t imagine a better partner than FCCC to work with to resolve the issues we have had with the S2G.”

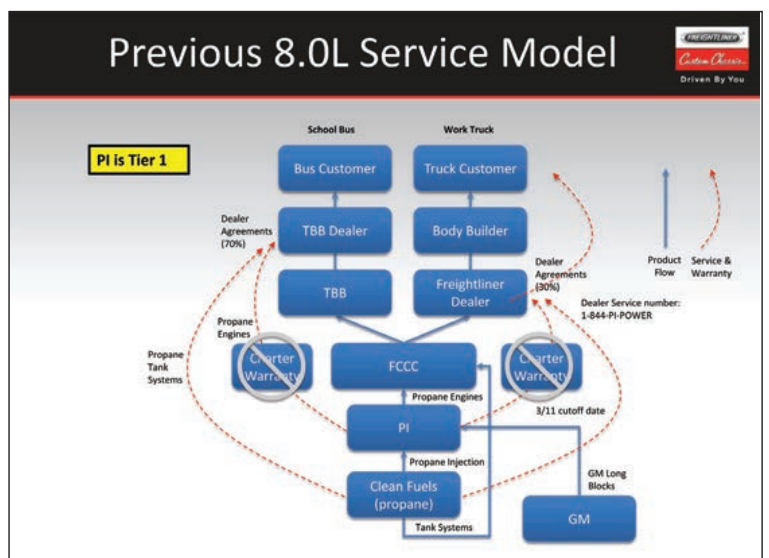
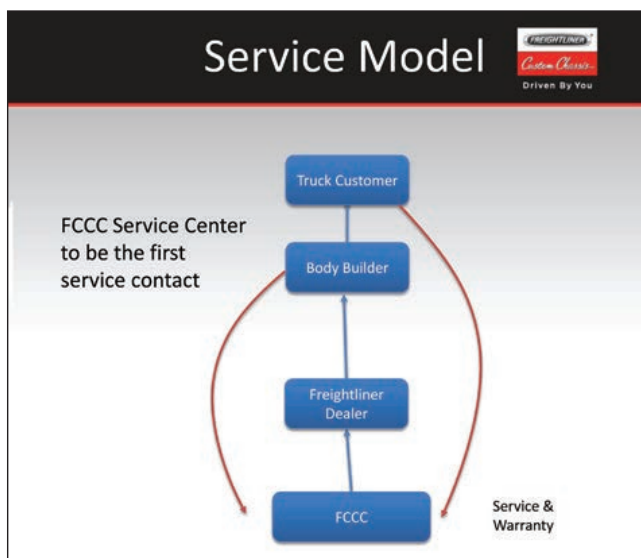
During the 2017 S2G Forum, Michael Stark, Commercial Truck manager at Freightliner, said while it is never comfortable to discuss issues, Freightliner Custom Chassis is committed to providing a level of support that will make everyone feel more comfortable with their S2G. This year, he kicked off the meeting saying, “I think you’ll like our story.” Stark shared key steps that the company had taken to improve customer service by dedicating a toll-free number for customers available 24/7, 365 days a year. The call center is staffed with FCCC specialists who average 18 years of experience. Also, FCCC has taken a

critical step in improving a confusing warranty and service process that required customers to call third parties to resolve their issues.

Stark proceeded to discuss Freightliner's new addition of the "DriveForce" proprietary engine brand. Among other benefits, the DriveForce brand adds a higher level of support in knowing that FCCC has removed third-party confusion and is fully committed to support its engines before, during, and after the sale. Field Service Campaign SF548AB was released by Daimler Trucks North America, the parent company of FCCC, in 2017 and includes product enhancements and corrective actions to remedy rocker arms and intake gasket issues. Marketers are encouraged to contact their servicing dealer and set appointments to complete the corrections before Dec. 31, 2018. FCCC has also released corrective actions for PTO filtering and an enhanced reverse gear torque calibration.

PERC and Freightliner Custom Chassis feels confident the S2G is on the right path and the industry will continue to hear more success stories in the future. Andy Redus of Admiral Propane shared his frustration with numerous visits to his dealer in 2016 and was happy to report he has had no service issues or downtime during 2017. Mike Gagne of Eastern Propane told of his satisfaction with the performance of his large fleet of S2G's and the dealer service he has received this winter.

“Please call PERC and FCCC with your concerns,” Perkins said. “But also let us know success stories.” PERC and Freightliner are anxious to put the challenges of the past few years with the Freightliner S2G in their rearview mirror and move forward to greater opportunities to tell the propane story to fleet owners interested in saving money while protecting the air from excessive harmful emissions.





PERC Talks Forklifts, Supply, Outreach, Training, and More

The Propane Education & Research Council (PERC) held a daylong public meeting in Atlanta on April 5, ahead of the National Propane Gas Association's (NPGA) Southeastern Convention & International Propane Expo. Presentations, discussions, and deliberations filled the day, and a plethora of topics were covered.

Brian Feehan, a former PERC staff member who is now president of the Industrial Truck Association, discussed the status of forklift trucks and their energy options. Data presented showed steady growth of forklift sales from a low of 98,000 in 2009 to 253,000 in 2017. In 1994, electric forklift sales had a 52% advantage to the internal combustion models' 48%. There is now a 64% to 36% advantage for electric models as emissions have become a major issue, especially in California. Among the internal combustion options, propane has experienced an expansion of market share, rising from 84% in 2012 to 89% in 2017, far exceeding gasoline, diesel, and LNG in the Class 4 and 5 engine types combined. The Class 4 and 5 engines typically have a larger market share for propane than the Class 1-3 engines.

"It's good to have Brian Feehan and Tucker Perkins involved to help

us understand how gallons grow," commented PERC councilor Gene Bissell. "The question of battery versus propane is ground zero in the battle for market share," said Tucker Perkins, PERC president and CEO.

The Council then focused on the overall portfolio review of its commercialization activities. Recently the Portfolio Subcommittee, chaired by Rob Freeman, developed a review process to calculate return on investment (ROI) for PERC-funded projects. "Data shows that each dollar of PERC investment yielded \$3.25 in partner investment," Freeman said. "PERC has funded 43 projects, representing 58 applications analyzed. With ROI at 9.89x through 2017, there is a 35.07x ROI expected over the useful life of the equipment." In the past, PERC has co-funded development of products in the areas of agriculture, residential, commercial, material handling, off-road and outdoor power, and on-road. The estimated total gallons sold for use with all these products for 2017 was 371,892,900. With just 11% of these gallons winter-only, 11% counter-seasonal, and 78% used year-round, the council feels it has "weather-proofed" its portfolio.

According to Freeman, projects are reviewed based on their level

of strategic importance and their particular interest to councilors. All projects of a large scale are reviewed. The review process includes the following: the project leader submits a closeout memo; quarterly calls are made with the portfolio review subcommittee and the project leader; and a postlaunch scorecard that reassesses the project at completion and identifies variances in pre-project scoring. Feedback is incorporated into the draft postlaunch report; the advisory committee reviews and endorses the postlaunch report; and the council reviews and approves the postlaunch report as final.

In his report, Perkins commended Brian Feehan for being a good partner to the propane industry. He also recognized several advisory committee chairs, both past and present, who were at the PERC meeting. He complimented the state executives present, commenting, "Several are here. Many are ahead of PERC on some issues." In other business, Perkins outlined a process underway to simplify the information technology processes. "We are moving from 10 URLs to two URLs," he said. "Instead of many databases, we will have two databases."

Perkins described the council's new "Can-Do Conference" sched-

uled for July 30-31 in Chicago (p. 21). "The conference is designed to teach retail propane marketers about all aspects of marketing. Many experts in the field of marketing with years of real-life experience to share will be on hand to share their expertise. With a capacity for 250 people, if we achieve the results we believe we will, we will see a great return on investment," he said.

Debnil Chowdhury of IHS Markit discussed propane supply and demand in his presentation titled "Outlook for U.S. Propane Markets: Impact of Higher Production and New Export Capacity" (p. 24). He began by noting that U.S. crude production has increased and therefore U.S. propane production is up. "Much of this new production is in Texas in the Permian. We expect propane production growth rates close to those seen before the crude oil price crash in 2014."

As for demand, Chowdhury noted that we have had higher residential/commercial demand this year than last year due to a colder winter. However, the inventory drawdown was more rapid last year because of higher exports. "While petrochemical demand was stronger after crude oil prices fell in 2014, ethane has been favored for much of 2016 and 2017 and this has put pressure on chemical demand for propane," he said. "Agricultural demand did not appear to be strong this past harvest season." He noted that exports will be a key factor to watch over the next 6-12 months and mentioned the possibility of China imposing a 25% tariff on its U.S. propane imports.

A critical factor slowing exports this winter has been Japan changing its minimum days of imports. With the slowing of exports came a drop in the propane percentage to crude. "As propane supply recovers over the next two years, we expect propane prices to face some pressure in a ratio to crude basis," Chowdhury added.

Regarding the prospect of China's 25% tariff on propane, Chowdhury explained that the goal is to punish U.S. producers and deprive them of access to the Chinese import market. Overall, IHS does not expect much of an effect on export volumes.

"There is potential for some price weakness in the U.S. during the summer as the economics required to clear the market are harder to achieve," he said.

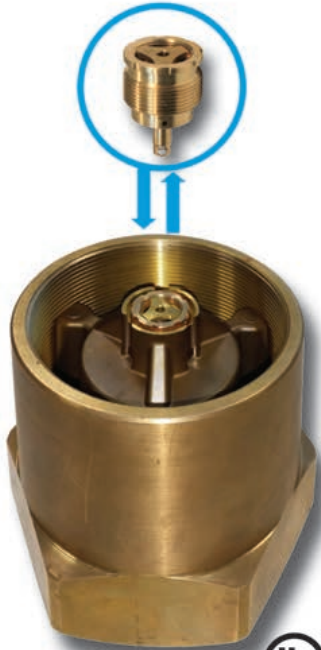
Overall, Chowdhury believes growing markets in Asia will be the largest demand center for propane and the U.S. will remain the number one exporter. For the U.S., strong stocks will be the new normal, but that doesn't mean we will be well supplied. "The Northeast will remain a key area to watch. Propane

production from Marcellus and Utica will continue to grow. [But], as new export capacity comes online, it will be important to increase inter-PADD transfers." Transfers to PADD 1 will need to increase to enable the additional exports from Mariner East 2, but if inventory gets low in PADD 1, pricing will adjust to encourage waterborne imports.

Chowdhury believes marketers are in a good position to now start buying and hedging propane for next winter, citing limited price risk.

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“Overall, prices are expected to be weaker to crude and other global price markers as supply recovers and exports are required to balance the market.” While concerns over \$5/gal. propane are fading, those who choose to just buy off the rack are asking for trouble. “When they lose, they lose bad,” he warned.

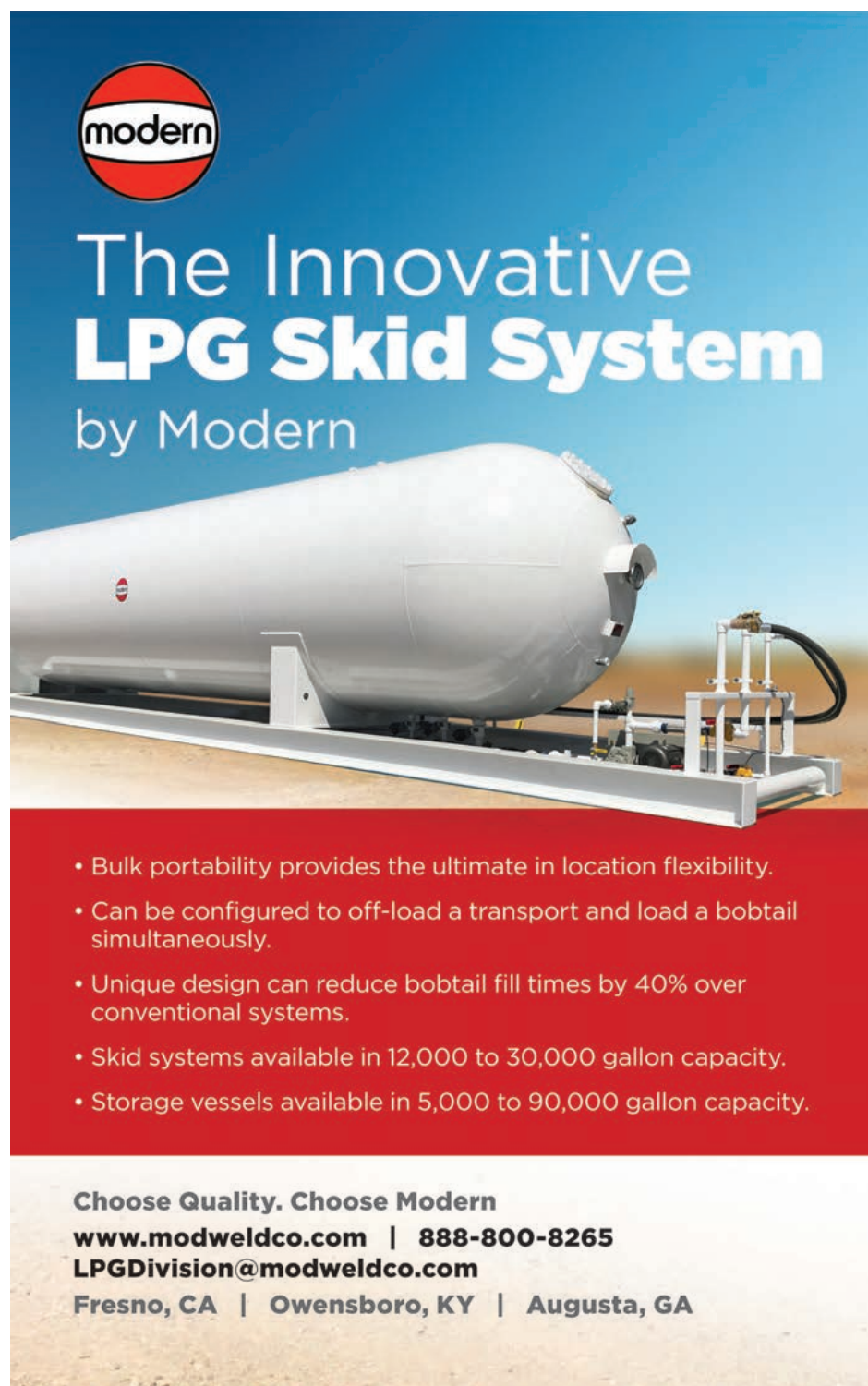
As the meeting turned to a report from the Safety & Technical Training Working Group, outgoing chairman Bruce Montroy provided some history regarding his many

years as a volunteer on safety and training committees both within NPGA and PERC. He made several recommendations to the council, including increasing support for all of the safety and training products and services, redeveloping training and testing using e-learning tablets, and discontinuing paper tests. “The generations of employees we want to train do not learn the way we did,” Montroy explained. “Trainers need to be proficient in tablets and how people learn.”

It was noted that NPGA administers the testing process and the service is a non-dues revenue source for the association. NPGA president and CEO Rick Roldan encouraged caution in making changes, noting that the \$700,000 to \$800,000 earned through CETP testing is used to fund NPGA advocacy programs. Leslie Anderson, president and CEO of the Propane Gas Association of New England, commented that \$85 per paper test is excessive and that online programming allows for much more cost-effective and more efficient testing.

PERC’s senior vice president of business development, Cinch Munson, gave an overview of the business development operations. Essential processes include engaging with the sales channel, managing processes well, doing proactive research, and making propane a preferred fuel for the sales channel. Critical components are sales channel relationships, R&D and project management, and commercialization and outreach. Munson has business development divided into six strategic segments: agriculture, autogas, industrial, outdoor power equipment, residential and commercial, and research and development.

In further business, PERC had initially planned to introduce its new plan for the Partnership with States program at the April meeting, but it was tabled until June. In order to have more councilor involvement on the task force designing the program, Joe Rose, recently retired president and CEO of Propane Gas Association of New England, was appointed to head the committee; several additional councilors as well as retail propane marketers were also added. “The current Partnership with States program came about shortly after the assessment was lowered from 0.05 cents per gallon of odorized propane to 0.04 cents. Now that the assessment has been back to 0.05 cent/gal. for a while, it was felt this program could be modified. Certainly we understand the need to give state executives plenty of time to adjust their programs since budgets are set many months in advance.” —Pat Thornton

The advertisement features a large, white, horizontal LPG storage tank mounted on a metal skid system. The tank has a red and white logo on its side. The background is a clear blue sky. The text is in white and red, with the Modern logo at the top left. The headline reads "The Innovative LPG Skid System by Modern". Below the image, there is a red box containing a list of bullet points. At the bottom, there is a white box with contact information.

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Alliance AutoGas Completes Live Bobtail Conversion at NPGA Convention

Alliance AutoGas completed a live conversion of a 2018 Ford F-750, 6.8-liter, V-10 bobtail owned by Conger LP Gas of Tifton, Ga. at the 2018 NPGA Southeastern Convention & International Propane

Expo in Atlanta. The conversion was completed by two Alliance technicians in the record time (for this vehicle class and system) of one hour and 50 minutes. It was estimated hundreds of propane conventiongoers visited the

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BPN's Weekly Propane Newsletter

Volume 47, Number 11
March 13, 2017

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Spots Fire Over Week, Oil Drops to Yearly Low

Spot propane continued to advance Thursday, with Moline trading nearly 1.75 cents higher. The 2.37% rise comes as Kansas City heating by 1.67¢ and 3.25 cents Monday, and Chicago climbing 1.57 cents. Spot jumped down over price of propane more than 5% late in the week to end at a profit, low. With Texas Interstates are CWT, Thursday fell below \$40/Bbl, while Brent crude also traced gains.

Analysts note that the \$500/Bbl resistance level had been higher, and all their long positions. Minimum level of prices will go Energy Information Administration (EIA) appears a small nudge right for the U.S. oil market. EIA's April gained another 8.2¢ MMBbl the week ended March 13, with increases across all regions. Meanwhile, primary propane market ended the week 4.1 MMBbl above year over week.

Moline Propane Inc. (MPT) was trading at 64.25-65.00 cwt/mbbl, mid-morning. Thursday, higher by 1.75 cwt/mbbl, and 2.5 cents for oil when compared to Monday. Low and high bids were posted at 64.87 and 65.00 cents. LST prices, at 65.25-65.75 cwt/mbbl, went up 2.37¢ and 1.57 cents for buyers and 2.5 cents for sellers from the previous reporting period, with high and high trades reported at 65.50 and 66.00 cents.

Principal Averages

	3-10 Bbl
Kerosene	64.66¢
Jet Fuel	61.34¢
Low Sulfur	61.78¢
High Sulfur	60.61¢
Heating Oil	68.00¢
Propane	63.55¢

All propane prices include dist. prices only and are for delivery to the customer. All prices are in U.S. dollars.

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John Neff, Editor
Editorial Board
Bryan Thompson, Editor
Ole E. Fosberg III
P.O. Box 660099
Houston, TX 77266
Phone 281/571-7568
Fax 281/571-7568
Email: jneff@propanenews.com
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Alliance AutoGas booth throughout the conversion to catch a glimpse of the progress—excited to see the propane delivery vehicle converted to use its own fuel.

Alliance's custom-designed plug-and-play vehicle-specific system enabled the technicians to complete the conversion in record time. The company's vehicle-specific conversion systems eliminate all guesswork from the installation, requiring only standard auto mechanic tools and making for easier vehicle installation, service, and maintenance. Additionally, the systems are bi-fuel, with both propane autogas and gasoline tanks, decreas-



ing range anxiety for drivers. The newly converted bobtail was upfitted by Scarbary's Propane Equipment of Montezuma, Ga. onto Ford's updated chassis, giving Conger full advantage of the newest OEM and conversion technology.

"We were truly honored to be asked to provide Conger's newest bobtail for the conversion, and to be a part of this event," said Dan Richardson, CEO of Conger LP Gas and owner of the newly converted F-750 bobtail. "Autogas is something we believe in, and also practice with other vehicles on our fleet. We were

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Eric.Kruger@Ferrellgas.com



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extremely excited about the audience turnout. The amount of people who came to witness the conversion is surely a testament to the number of companies interested in converting their own fleets to autogas.”

Stephen Holland, director of engineering at Blossman Services and an installation technician, said, “With each new platform that we develop, these conversions get easier to install. We are always adding new features to our systems to simplify installation and service. This concept was thoroughly tested at this event since we were also interacting with the audience throughout the whole process and everything came out great.”

“Thanks to Alliance’s plug-and-play kit, Alliance technicians were able to convert the bobtail in under two hours—impressive,” said Jim Bunsey, of Superior Energy Solutions. “The turnkey solution helps a fleet make the decision to convert, thanks to ease of installation and affordability. In addition, the sophisticated system ensures a quality installation, every time.”

Taylor Granger, Slegers Engineered Products, commented, “It was so easy – they [Alliance technicians] were able to do it in business casual clothes. Everything was well-organized, straight forward, well-laid out.”

Ray Kazajewich, RegO Products, said, “I heard it was cool, informative, something that I missed. Embracing new technology is the key to the future for all of us. This is the way forward for the industry.”

Ed Hoffman, president of Blossman Services, remarked, “We are proud to make this simple-to-install and maintain autogas system available to the industry. Each and every marketer can support their business with their own fuel.”

Alliance AutoGas and parent company, Blossman Gas, facilitated a wide range of sessions at the convention, including “Practice What We Preach: Propane Marketers Utilizing Autogas.” This session equipped

propane marketers with the information needed to implement their own autogas fleet so they can experience significant cost savings and emissions reductions.

Stuart Weidie, president of Alliance AutoGas and president and CEO of Blossman Gas, was inducted to the LP Gas Hall of Fame. *LP Gas* magazine said, “It is perhaps no surprise that Weidie is the

youngest member to join the Hall of Fame. He has spent his entire career with Blossman Gas, pioneering and advocating for new uses of propane and looking for unique ways for companies to grow their gallons. He is a vocal advocate for industry advancement and is committed to promoting the overall benefits of propane.” ■



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NPGA to Launch New Advocacy Tool at Propane Days

By Peter Ferrell

This June, NPGA will launch its latest grass-roots advocacy tool during Propane Days, the industry's annual lobbying program in Washington, D.C. This tool will be a smartphone app that will be able to instantaneously push industry news, action alerts and engagements, and other NPGA-related information (and eventually state association-specific information) directly to an individual's iPhone or Android phone. Being able to alert industry members on policy matters quickly and have them react and engage equally as fast is critical to ensuring that propane's policy voice isn't left behind. As fewer pieces of legislation pass through Congress these days, being able to include beneficial language and provisions that will move with legislation—such as an appropriations bill—is a key to success.

The moniker "Do-Nothing Congress" can be aptly applied to each Congress for the past decade. Partisanship has gummed up the traditional congressional committee deliberation process, and legislative decisions

have been ceded from committee chairmen to political party leadership. This has resulted in fewer pieces of legislation being enacted, and therefore has increased the importance of must-pass bills. Since must-pass legislation usually has a deadline by which it must be addressed, this creates an incentive for *inaction* until the deadline is on the brink. Therefore, the text and content of such

legislation remains quiet and under lock and key until the last moment. The ability for an association to quickly get its message and priorities to legislators during these last-minute negotiations is critical.

NPGA seeks to use the latest technology to keep the industry's grass-roots voice loud and heard at the right time. Speed is key. The association needs to get information to members

where they are, instead of waiting for them to retrieve the information when they get home or back to the office. NPGA advocacy is coming to the app store near you.

Peter Ferrell is director, political and industry affairs, of the National Propane Gas Association.



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People



JOHN POWELL



CHRIS ROTH



BRYON MUCHOW



MICHAEL STEPHENS

Crestwood Midstream

Crestwood Midstream (Kansas City, Mo.) has made several promotions within its Marketing Supply and Logistics (MSL) Business Unit. **John Powell**, senior vice president and CCO, is now responsible for all operations for the MSL Group. In his new role, he will oversee Crestwood's NGL processing, fractionation, storage, transportation, and marketing services in Bakersfield, Calif. and its nearby rail operation in Tupman.

Chris Roth has been promoted to vice president of East marketing and supply. He joined Crestwood's predecessor, Inergy, in 2004 as a supply regional analyst, and was most recently director of East marketing and supply. He works with propane marketers in the Eastern half of the U.S. on their supply and logistics solutions.

Bryon Muchow has been named vice president of Midcontinent marketing and supply. He has been with

Inergy, now Crestwood, for nearly 15 years. He and his team work with Midwest propane marketers' propane supply and logistics challenges.

Michael Stephens, newly named vice president of West propane and national heavies marketing, joined Inergy in 2012. He now manages Crestwood's propane marketing west of the Mississippi, and butane and natural gasoline marketing in the U.S. and Canada.



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BPN's Propane Industry Calendar

For up-to-the-minute meeting and convention information, use the telephone number listed, or additional listings can be found at www.bpnews.com

2018

April 30-May 3—ACT Expo 2018, Long Beach Convention Center, Long Beach, Calif. (888) 993-0302

May 3-4—National Propane Gas Association Benchmarking Council Meeting (Groups I-M), Wyndham Bayside, San Diego, Calif. (916) 531-2231

May 10-11—PERC Advisory Committee Meeting, Marriott St Louis Grand, St Louis. (202) 452-8975

May 14-15—Vermont Fuel Dealers Association Conference, Killington Grand Resort, Killington. (802) 223-7750

May 15-17—International School of Hydrocarbon Measurement, Cox Convention Center, Oklahoma City, Okla. (405) 831-8609

May 16-18—Western Propane Trade Show & Convention, Silver Legacy Hotel & Reno Events Center, Reno, Nev. (916) 447-9742

May 17—Women in Propane Leadership Seminar, Silver Legacy Hotel/ Reno Events Center, Reno, Nev. wip@npga.org

May 20-23—Eastern Energy Expo, Foxwoods Resort Casino, Mashantucket, Conn. (973) 467-1400

May 23—Michigan Propane Gas Association Propane Safety Awareness Day, State Capital Lawn, Lansing. (517) 487-2021

May 29-31—East Africa 2018 Oil & Gas Expo, KICC, Nairobi, Kenya. feedback@expogr.com

May 31-June 1—AEGPL Congress, Grimaldi Forum, Monaco. info@aegpl2018.com

June 3-6—2018 Presidential Summit, Annual Meeting and Propane Days, Renaissance, Washington, D.C. (202) 466-7200

June 5-7—LPG Myanmar 2018, Sedona Hotel, Yangon, Myanmar. info@gasacademy.com.sg

June 6-7—Canadian Propane Association Leadership Summit & Golf Tournament, Brookstreet Hotel, Ottawa, Ont. info@propane.ca

June 11-14—2018 Mid-States Show, Branson Hilton Convention Center, Branson, Mo. (800) 601-9332

June 11-14—NFPA Conference & Expo, Mandalay Bay Convention Center, Las Vegas, Nev. (800) 344-3555

June 13-15—Global Petroleum Show, Stampede Park, Calgary. (888) 799-2545

June 18-21—North Central Convention & Trade Show, La Crosse Center, La Crosse, Wis. dgrooms@iapropane.org

June 20-22—2018 Tri-State Meeting, Sands Casino Resort, Bethlehem, Pa. (717) 441-6040

June 25-29—27th World Gas Conference, The Walter E Washington Convention Center, Washington, D.C. info@wgc2018.com

June 26-28—Colorado-New Mexico Convention, Courtyard by Marriott & Pueblo Convention Center, Pueblo, Colo. (303) 424-0870

June 27-28—North Dakota Propane Gas Association Meeting & Convention, Rough Rider Hotel, Medora. (701) 223-3370

July 8-10—Alabama/Louisiana PGA's Summer Convention, Perdido Beach Resort, Orange Beach, Ala. (334) 358-9590

July 11-12—Propane Education & Research Council Meeting, location tba, Minneapolis. (202) 452-8975

July 14-18—Virginia Propane Gas Association Annual Meeting, Hilton Virginia Beach Oceanfront Hotel, Virginia Beach. (866) 881-6309

July 18-20—Pacific Propane Gas Association Conference, The Hotel Alyeska, Girdwood, Alaska. paga@kdafirm.com

July 26-29—Florida Propane Gas Association Annual Convention, Sheraton Sand Key Resort, Clearwater Beach. (850) 681-0496

Aug. 4-6—Crossroads Propane Expo & Conference, FW Convention Center, Fort Worth, Texas. info@txpropane.com

Aug. 8-9—Northeast Propane Show, DCU Center, Worcester, Mass. Caryn@pgane.org

Aug. 12-15—South Carolina/Georgia Southern Connection Convention, The King and Prince Beach and Golf Resort, St. Simons Island, Ga. (803) 865-2284

Sept. 5-7—Nevada Propane Dealers Association Annual Conference, Harvey's Resort & Casino and Edgewood Country Club, South Lake Tahoe, Nev. nvpropane@gmail.com

Sept. 9-11—2018 Fall TS&S Committee Meeting, Crown Plaza Indianapolis, Indianapolis. (202) 355-1355

Sept. 13-14—National Propane Gas Association Benchmarking Council Meeting (Groups A-H), Embassy Suites, Baltimore. (202) 466-7200 ext. 335.

Sept. 17-20—Gastech Exhibition & Conference, Fira Gran Via, Barcelona, Spain. info@gastechevent.com

Sept. 18-19—South Dakota Petroleum & Propane Marketers Association Convention, The Lodge, Deadwood. (605) 224-8606

Sept. 20-21—National Propane Gas Association Benchmarking Council Meeting (Groups I-M), Embassy Suites, Baltimore. (202) 466-7200 ext. 335

Sept. 23-25—Manufactured Housing Institute 2018 Annual Meeting, Pasea Hotel & Spa, Huntington Beach, Calif. info@mfghome.org

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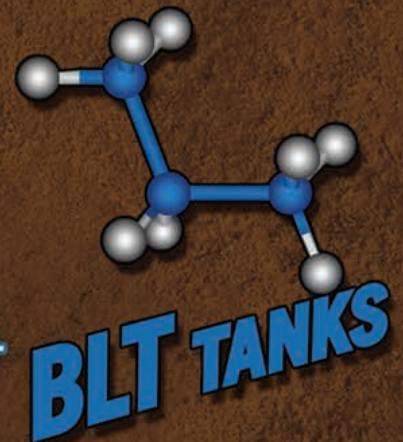
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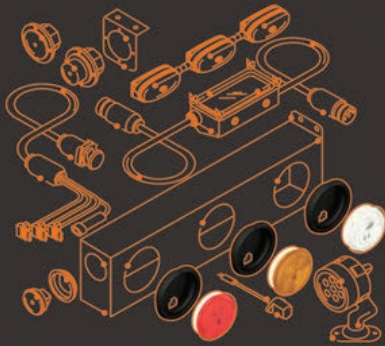
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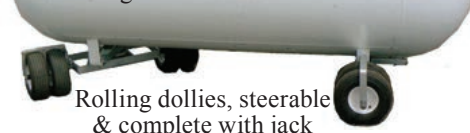
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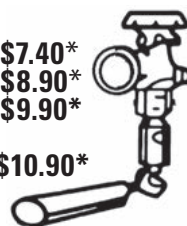
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Beyond the Mains

(Continued from p. 3)

played an integral role in advocating for the passage of the Propane Education & Research Act of 1996.

Without the passage of PERA in 1996, and the ensuing Propane Education & Research Council (PERC), Roy Willis would not have been recognized this year for his 20 years of service as the council's first president and CEO. Under his leadership, PERC produced, among the many, an R&D initiative resulting in numerous propane-fueled appliances, vehicles, and equipment. Safety and training was pushed to the forefront. During many challenges, Willis became a well-regarded spokesman for the industry.

Weidie, at 53 the youngest inductee into the Hall of Fame, has accomplished much in his 26-year career in propane, and his forward-looking approach will certainly continue to take our industry to new heights. A leader in the use of propane autogas, he founded Alliance AutoGas in 2009; established Autogas for America to provide a united voice for this segment of the industry; and founded a subsidiary of Blossman Gas, Blossman Services, which serves as a distributor of autogas products and conversion systems. Also influential in the move to add burner tips to increase total gallons sold, Weidie envisions stronger year-round load through stronger sales of CHP units, generators, and other appliances.

Congratulations to the 2018 Hall of Fame inductees.



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WIP Membership Chair Focuses on Connections

Every company needs a Jamie Fagnoli. As office manager of Ehrhart Energy in Trumansburg, N.Y., she is the one her team turns to when they have problems needing to be solved, with an extra touch of customer service.

"I'm the very calm one. I have found the ability to step out of my ego and see what people really need. With customers, you cannot be in your ego—that creates problems. The customer is always right," Fagnoli said. "Harmony in the workplace is a big thing."

A part of her success in maintaining her calmness and harmony is meditation. "I meditate every day. It makes me feel grounded. Exercising also helps alleviate stress that may come in the day."

"The escalated calls come to me. People need to be heard. I can hear their concerns, and ensure they feel like they are being heard. I choose to be compassionate toward our customers regardless of how they are choosing to be with me," she explained. "If you remain calm, you can work people through problems. It is what happens in life—sometimes it's that last button that gets pushed. You have no idea what that person is going through in their life. It's not about you at that point, it's about where they are and what you can do to help them."

Fagnoli is a relative newbie to the propane industry. She joined Ehrhart Energy three and a half years ago after working for a manufacturer of high-end specialty chains. "It's a new industry for me, but at the same time, it's not. I have a knack for jumping right in where I want to go," she said.

Ehrhart Energy was founded by Gerry Ehrhart in 1946, and is now run by his nephew, Bill Overbaugh, and niece, Tracy Overbaugh Kirkman, who have diversified the company's offerings from propane and fuel oil to a variety of heating fuels including BioHeat, BioDiesel, wood pellets, and wood bricks. With approximately 40 employees, Ehrhart serves a baseline of more than 8000 customers within a 60-mile radius who are predominately residential, but commercial accounts range from small companies to large manufacturers.

Being able to see something and the challenges, and then rise above to make something successful is her life motto, she said. This

motto combined with fate, brought her to Ehrhart Energy.

"I grew up in a family-run business. My parents owned a grocery store, and I've also worked in very large corporations. I was at a point in my life I wanted my work to make a contribution to the community, not a corporation," Fagnoli said. "It has been a fabulous fit. I enjoy and look forward to working with a family-run company—as long it's not my own family."

Although Ehrhart Energy is a small company, she said, they do things in a big way. "Everyone really complements one another's strengths. It's a wonderful place to be. They were quick to put me in Women in Propane so I would get exposed to see how larger propane companies across the country work."

Most people just want to feel a connection, she explained. The ability to make connections, whether it is with customers, coworkers, or peers in the industry, is what she is focusing on in her role this year as the membership chair of the National Propane Gas Association's Women in Propane (WIP) Council.

"What I find very interesting is that it is a very competitive industry, but everyone shares the same goals. They want the best service for their customers, and everyone is working together to achieve it. People are working hard hand-in-hand to help one another and it is a great thing to be a part of."

As WIP membership chair, her goal is to build and foster great leaders for the industry. "Instead of focusing on the numbers, we're focusing on the connections—that's how we'll grow. When people feel like they're connecting, it allows them to achieve higher levels for themselves," Fagnoli said.

"I'm looking forward to coming together with men and women of the industry to reach greater goals for all of us moving forward. I think we all have the capability to make a difference. We all have a legacy to carry on to make the world a better place."

When she's not working, Fagnoli, whose family includes two daughters, two stepsons, and a partner, said she also alleviates stress by tapping into her creative side—food. "I do a vegan diet, and I'm a certified raw chef. I love to bring people together with food."

—Karen Massman VanAsdale

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