BUTANE-PROPANE NEWS

BPN

APRIL 2021



CREATING A LASTING BUSINESS STRATEGY

75 years, 3 generations and 47 acquisitions later, ThompsonGas continues its upward momentum

Cylinders and Cylinder Cages: Top Trends, New Applications and Innovations to the Marketplace

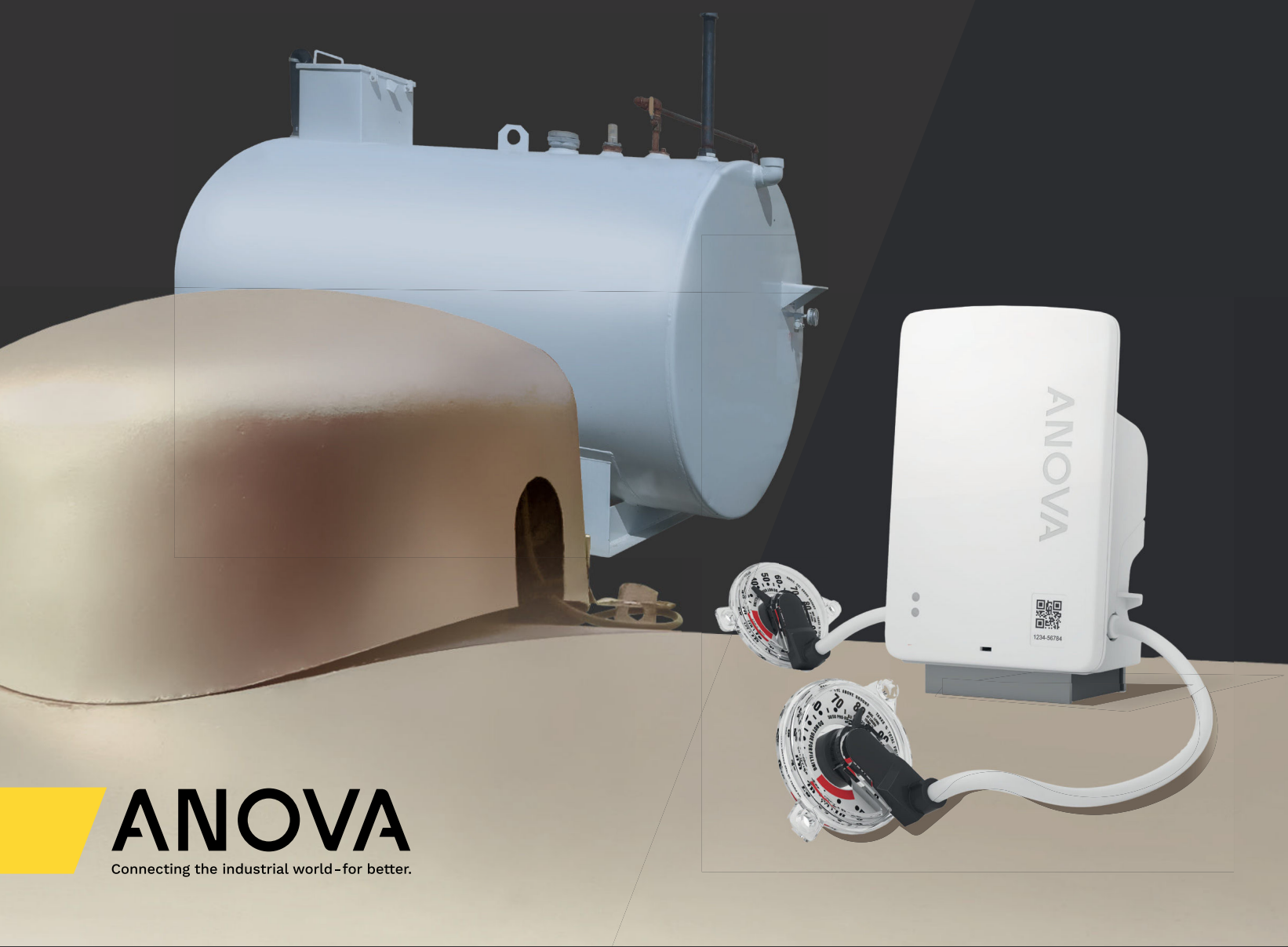
BPN Publisher Reflects on Her Family's Legacy and a Career in Propane

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Dear Readers and Industry Partners,

The arrival of spring is upon us, and I believe I'm not alone in welcoming it with open arms. The warming weather, budding trees and first signs of flowers have us looking forward to planning for the rest of 2021, including the opportunity to attend a few in-person trade shows and events. We're excited to meet some of you face to face later this year!

As spring brings new and positive change, we are undergoing a few changes of our own — as this issue goes to print, we are celebrating the launch of BPN's new website (bpnews.com). We'll continue to tweak and improve the site as we go but be sure to check it out and let us know what you think. Additionally, expect a new and different look to our print magazine coming in our May issue. Our utmost goal is to continue to serve you with the content, research and advice you need to run your business better as a propane industry leader.

In the meantime, we bring you the April issue, packed to the brim with useful information. While spring in all its beauty is most assuredly here, as I write this in Birmingham, Alabama, we are gearing up for a long day of severe weather and tornado warnings. It's not March in Alabama if we don't have a few, or 20, tornadoes.

And although severe weather is never an enjoyable situation, the power outages that often come with it are a good reminder of the important role propane plays as an energy source in the United States. We've already seen evidence of it during the ice and snowstorms that swept through Texas in February, which we cover on page 22.

On page 28, find the start of this month's feature series on propane cylinders. In our first feature story, learn more about the current trends driving propane sales — from larger economic factors to more industry-specific innovations in cylinder technology. In the second article on page 32, read about the rules of cylinder recycling and remediation.

Also in this issue, on page 34, find a profile on former BPN Publisher Natalie Peal. Peal reflects on her legacy and what she expects is in store for propane in America. Continuing the theme of business longevity, on page 38, third-generation leader J. Randall Thompson of ThompsonGas looks back at the company's 75 years in business and discusses how the distributor's strategy has evolved over time.

We welcome your thoughts on the new website, potential additions to our print magazine and newsletters, and your overall commentary on the industry. Send us an email anytime!

- Editor Elizabeth Manning: *emanning@cahabamedia.com*
- Associate Editor Anjana Kallarackal: *akallarackal@cahabamedia.com*
- Account Executive Landen Franklin: *lfranklin@cahabamedia.com*

Stay well and stay safe,

Elizabeth Manning

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BUTANE-PROPANE NEWS

STAFF

ELIZABETH MANNING . . . . . Editor
ANJANA KALLARACKAL . . Associate Editor
STEVE RELYEA . . . . . Contributing Editor
PAT THORNTON . . . . Contributing Editor
LANDEN FRANKLIN . . . Account Executive
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ELIZABETH MANNING . . . . . Editor
ANJANA KALLARACKAL . . Associate Editor
STEVE RELYEA . . . . . Contributing Editor
BRENDA LIESWALD . . Circulation Manager

Newsletter editorial communications and subscriptions for the WEEKLY PROPANE NEWSLETTER should be directed to P.O. Box 530067, Birmingham, AL 35253. Phone: 626-357-2168. Email: subscriptions@bpnews.com.

AFFILIATIONS

BPA WORLDWIDE BUSINESS
NPGA NATIONAL PROPANE GAS ASSOCIATION

MAILING INFORMATION

Butane-Propane News (ISSN 0007-7259), is published monthly by Cahaba Media Group, 1900 28th Ave S, Ste 200, Birmingham, AL 35209-2642. Periodicals postage paid at Birmingham, AL and additional mailing offices (USPS 457-950). Free to qualified recipients within the United States and U.S. Possessions. Publisher reserves the right to determine qualifications. Annual Subscription Prices: U.S. – one year, $34, two years, $50. Canada – one year, $43, two years, $65. All other countries – one year $70, two years $108. Air mail $50 per year extra. Single copy price within the U.S., Possessions, and Canada, $10. For Customer Service call 205-278-2840. Available on microfilm from University Microfilm International, 300 N. Zeeb Road, Ann Arbor, Mich. 48106. CPM 40065056 Canadian Return Address: DP Global Mail, 4960-2 Walker Road, Windsor ON N9A 6J3. **POSTMASTER** send address changes to Butane-Propane News, Subscription Dept., P.O. Box 530067, Birmingham, AL 35253. VOLUME 53 ISSUE 4

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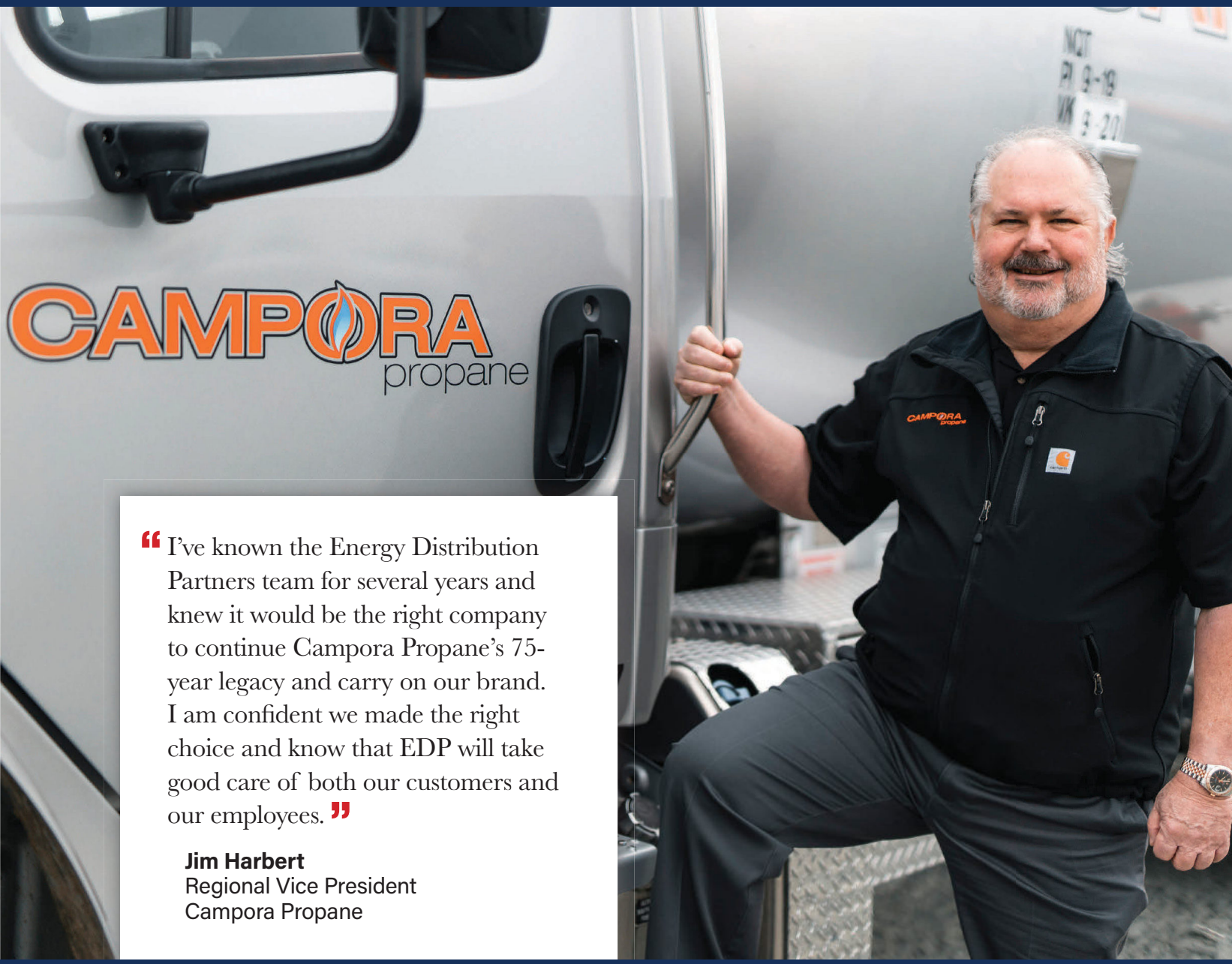
ON THE COVER

Pictured: ThompsonGas' Brad Rohrer, branch manager at the company's Boonsboro, Maryland location.

Photo provided by ThompsonGas

Thinking About Selling Your Propane Business?

Hear from an industry executive who believes he made the *right choice* with EDP.



> "I've known the Energy Distribution Partners team for several years and knew it would be the right company to continue Campora Propane's 75-year legacy and carry on our brand. I am confident we made the right choice and know that EDP will take good care of both our customers and our employees."

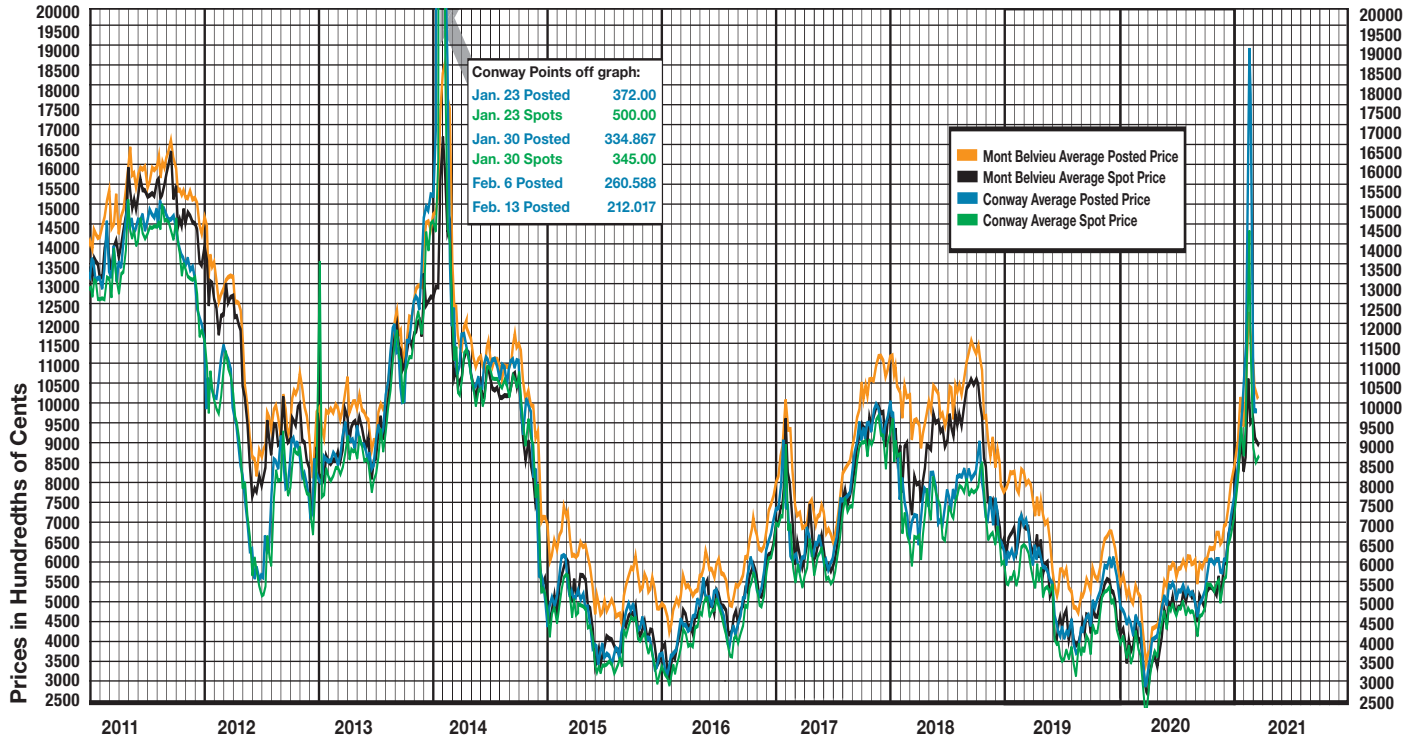
Jim Harbert
Regional Vice President
Campora Propane

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If you're thinking about selling your propane business, contact David Stroupe, 312.254.5954 or dstroupe@edplp.net for a confidential conversation. Dave can work with you to achieve a positive outcome in transitioning your business.

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MONT BELVIEU & CONWAY (GROUP 140) AVERAGE THURSDAY PROPANE PRICES

MID-WEEK AVERAGE POSTED/ SPOT PROPANE PRICES

(Cents per Gallon)

Date	Mont Belvieu		Conway	
	POSTED	SPOT	POSTED	SPOT
2-18-21	122.506	100.000-102.500	189.147	130.500-143.500
2-25-21	117.172	95.500-96.375	177.047	116.500-125.000
3-4-21	110.506	97.000-97.625	110.697	88.500-89.250
3-11-21	104.256	92.500-93.750	96.847	81.500-84.000
3-18-21	101.339	88.500-89.500	96.247	82.000-84.250

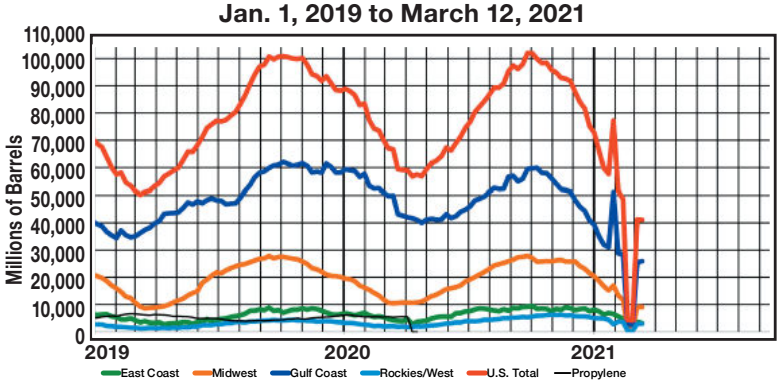
U.S. PROPANE INVENTORIES

Feb. 12, 2021 to March 12, 2021 and One Year Ago (Thousand Barrels)

	2/12/21	2/19/21	2/26/21	3/5/21	3/12/21	3/13/20
East Coast	4.905	3.693	3.562	3.614	3.174	4.279
Midwest	11.735	9.759	8.973	9.209	9.027	10.486
Gulf Coast	28.358	26.534	25.570	25.464	25.920	44.536
Rockies/West	3.651	3.505	3.141	2.912	2.908	2.079
U.S. Total	48.649	43.491	41.246	41.199	41.029	61.379

U.S. PROPANE INVENTORIES

Jan. 1, 2019 to March 12, 2021



U.S. RESIDENTIAL PROPANE PRICES

(Mid-Month, Cents per Gallon)

Region	Date		
	3-21	2-21	3-20
East Coast (PADD I)	304.2	295.2	257.2
Midwest (PADD II)	200.9	195.9	153.9
Average U.S.	235.9	229.5	192.9

Source: "This Week in Petroleum," Energy Information Administration

CANADIAN INVENTORIES

(March 1, 2021)

Thousand Cubic Meters

PROPANE

Region	3-21	2-21	Change	3-20
Propane—East	488.3	715.6	-31.8%	153.9
Propane—West	662.1	956.0	-30.7%	243.5
Total Propane	**1150.4**	**1671.6**	**-31.2%**	**397.4**

BUTANE

Butane—East	140.8	216.6	-35.0%	64.2
Butane—West	514.8	617.0	-16.6%	218.3
Total Butane	**655.6**	**833.5**	**-21.3%**	**282.5**

Source: Canada Energy Regulation











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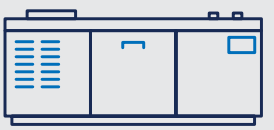
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U.S. EXPORTS OF PROPANE REACHED RECORD LEVELS IN 2020

United States exports of propane reached record levels in 2020, increasing 13% and surpassing distillate fuel oil as the country's top petroleum product export, according to the U.S. Energy Information Administration's (EIA) Petroleum Supply Monthly. U.S. exports of distillate fuel oil fell to its lowest level since 2016. The increase in propane exports was driven by strong petrochemical and heating demand in Asia during a year of more U.S. production and less U.S. consumption. The U.S. experienced warmer-than-normal heating seasons in both the first and final months of the year, resulting in lower domestic propane consumption than in the previous two years. Although natural gas and crude oil production fell in the U.S. during 2020, propane production at natural gas processing plants increased 5.6% from 2019, which more than outweighed the decline in refinery production of propane. In 2020, 76% of U.S. propane was produced at natural gas processing plants; the remaining 24% was produced at petroleum refineries. Propane production outside of the U.S. decreased because major exporters reduced their propane production as a result of crude oil curtailments; most propane production in these countries is associated with crude oil. Expanded U.S. export capacity, along with increased domestic production and lower domestic consumption, allowed the U.S. to fill the supply gap and capture greater global market share. U.S. export capacity grew by an average of 330,000 barrels per day (bbld) during the second half of 2020.

THOMPSONGAS ACQUIRES CERTAIN BULK PROPANE ASSETS OF AIRGAS USA LLC

ThompsonGas, headquartered in Frederick, Maryland, announced the acquisition of certain bulk propane assets of Airgas USA LLC, located in Maryland, Southeastern Pennsylvania and West Virginia. "This acquisition is important to us as it strengthens our footprint around where this all began 75 years ago." said Jeff Kerns, chief executive officer. "We are happy to gain talented employees that we can give the tools and guidance to continue to grow our service area. Our new teammates bring multiple years of experience and dedication to the communities in which they serve," said Regional Vice President Derek Ashmore.

MICRO BIRD PROPANE BUS ACHIEVES LOW NOx CERTIFICATION

Micro Bird (Livonia, Michigan) has brought to market a Type A propane autogas school bus with low nitrogen oxides. The company's G5 Type A bus equipped with Roush CleanTech's Gen 5 propane fuel system is certified to California Air Resources Board's optional low nitrogen oxide emissions standard of 0.05 grams per brake horsepower-hour (g/bhp-hr), making it 75% cleaner than federal U.S. emission standards. Type A buses, made of a bus body constructed on a cutaway front-section vehicle, usually carry nine to 36 students. "Every district wants to lessen students' exposure to damaging exhaust that can have negative health effects on children," said Steve Girardin, president of Micro Bird. "With the Micro Bird G5 propane bus's new CARB certification, we help our customers lower their carbon footprint while also offering the most horsepower of any Type A bus."

PROPANE INDUSTRY VOTES TO IMPLEMENT, ESTABLISH MICHIGAN PROPANE COMMISSION

Michigan state's retail propane marketers have approved a referendum to establish the funding mechanism for the Michigan Propane Commission, created in statute last year. The initial assessment will be at the rate of 1/10 of 1 cent per gallon upon odorized propane sold and placed into commerce in the state. The results of the referendum were certified by the Michigan Department of Agriculture and Rural Development Director Gary McDowell. The Michigan Propane Commission will use the funds to educate residents, business owners and other users on the safe use of propane as well as to promote the use of propane-powered high-efficiency appliances and equipment through rebate and incentive programs for state residents.

PERC ANNOUNCES 2020 COMMERCIAL PROJECT OF THE YEAR

The Propane Education & Research Council (PERC) announced the Boston/Cape Cod KOA Campground as 2020's Commercial Propane Project of the Year, an annual contest that recognizes the best residential and commercial projects being powered by propane. The campground is a popular tourist destination for people visiting Boston, Cape Cod and Southeast Massachusetts. After fielding customer complaints about minimal hot water use and long wait times, the KOA Campground started converting water heaters to propane tankless systems several years ago, but their budget only allowed them to convert two water heaters per year. Fortunately, with the help of JaySan Gas Service operations manager Evan Pittsley, the campground was able to expedite converting all the water heaters to propane for a total of 18 cabins running on propane. Pittsley negotiated appliance and material pricing with vendors, secured incentives from the Propane Gas Association of New England, and arranged rebates from tankless manufacturer, Rinnai, to help fund this project. In addition to the tankless units in the cabins, the campground utilizes propane in a pump station that fills portable cylinders and RVs and in a laundry building with propane-powered commercial dryers.

INDUSTRY CALENDAR

April 12-13 — Energy, Utility & Environment Conference: CEMS, Testing, Monitors, Modeling
Virtual
euec.com

April 14 — PERC Webinar: Dispelling the Myths of Apprenticeship Programs and Introducing NPGA & DOL Program
Virtual
propane.com

April 15-16 — CETP Basic Principles and Practices (New Jersey Propane Gas Association)
Freehold, New Jersey
njpga.org

April 19 — Society of Petroleum Engineers 2021 Eastern Regional Meeting
Fairmount, Pennsylvania
spe.org

April 20 — PERC New England Region Meeting
Virtual
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April 20-22 — Society of Petroleum Engineers 2021 Western Regional Meeting
Bakersfield, California
spe.org

April 21-22 — PGANE Spring Meeting 2021
npga.org

April 22 — PERC Council Meeting
Virtual
propane.com

April 29 — PERC Webinar: Propane Presents Technology Series: Commercial Power Generation
Virtual
propane.com

April 29 — PERC West/Midwest Region Meeting
Virtual
propane.com

May 6 — PERC Webinar: Nuts & Bolts of the NPGA Apprenticeship Program
Virtual
propane.com

May 12 — West/Pacific/Rocky Mountain Region Meeting
Virtual
propane.com

May 18-19 — PERC Advisory Committee Meeting
Virtual
propane.com

For additional calendar items, visit bpnews.com.

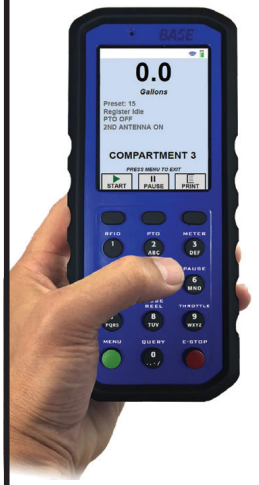
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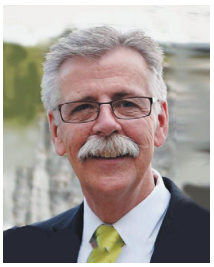
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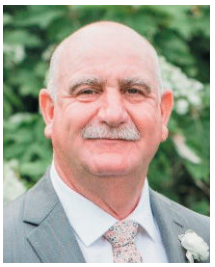
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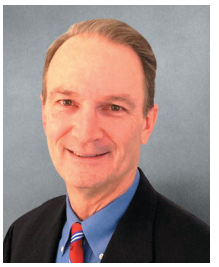
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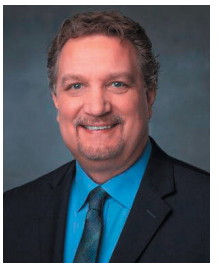

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Iowa Propane Gas Association Remembers John William Ketchum

John William Ketchum, of Saint Charles, Missouri, passed away March 12, 2021, at the age of 74. Ketchum was the sales and marketing manager for Gas Equipment Company Inc. for 25 years. He was a member of First Baptist Church of St. Charles. He was an avid runner for 34 years — running in races every month for 10 years. Ketchum loved nothing more in the world than family. He loved his children and grandchildren and was adamant about being a present father. He was dearly loved and will be greatly missed by all who knew him.

Founder of DiLeo Gas Inc. Announces Retirement

Paul DiLeo Sr., the founder of DiLeo Gas Inc., headquartered in Worcester, Massachusetts, has retired after more than 30 years of service in the propane industry. DiLeo Sr. first started in propane in 1988, when he purchased a small propane delivery route in Worcester, naming it "Paul's Propane." Four years later, he officially incorporated DiLeo Gas Inc., which has grown to be one of the largest independent propane retailers in Central Massachusetts. DiLeo Gas is now in its second generation of ownership, as sons Paul Jr. and Harry took over ownership and full-time operation of the business in 2013. DiLeo Sr. attributes the company's success to its focus on public service, charitable giving and its focus on the safety of customers and employees.

Energy Distribution Partners Announces New Regional Vice Presidents, Operational Analyst

Energy Distribution Partners (EDP) has named three industry leaders to various roles in its organization: Bill Cummings as Northeast region vice president; Jay Werner as Western region vice president, and Laura Hawkinson as operational analyst. As a new region vice president for EDP's growing team, Cummings is responsible for leading operations management teams to achieve safety, service, quality and operational efficiency metrics. He will also work in conjunction with EDP's corporate development team, assisting with sourcing acquisitions in the Northeast United States region. As a new vice president for the Western region, Werner is responsible for leading operations management teams to achieve safety, service, quality and operational efficiency metrics. As the new operational analyst for EDP, Hawkinson is responsible for producing impactful management reporting.

Bergquist Inc. Telemetry Unit Appoints New Leadership

Bergquist is expanding their telemetry unit by appointing Jim Schwartzfisher to the new role of telemetry unit manager. Schwartzfisher began his career at Berqquist with a goal to reduce marketers' operating costs through efficient technology practice. He was hired in 2019 as technical support specialist and has years of experience with BTU's technology and practices. Schwartzfisher will be responsible for overseeing sales and customer services. His new duties include directing and coordinating sales activities, direction over hiring and training of new sales representatives, tracking and analyzing sales statistics based on key quantitative metrics and resolving costumer inquiries.

Chesapeake Utilities Corp. Names Senior Vice President of Regulatory and External Affairs

Chesapeake Utilities Corporation announced the promotion of Cheryl Martin to senior vice president of regulatory and external affairs for the company. Martin is responsible for overseeing the corporation's regulatory, legislative, communications and community affairs initiatives throughout several states. She is also responsible for leading the equity, diversity and inclusion (EDI) efforts throughout the organization. Martin currently serves on the Florida Natural Gas Association (FNGA) Board of Directors.

Matrix Capital Markets Group Inc. Names New Director, Associate to Its Downstream Energy and Convenience Retail Investment Banking Group

Matrix Capital Markets Group Inc. announced that David Corbett, CFA, has joined the firm as a director of the company's downstream energy and convenience retail investment banking group, and Kyle Tipping has been promoted to associate. Corbett has more than 15 years of experience advising companies in the downstream energy and multisite retail sectors, including convenience retailing, petroleum marketing and distribution, propane distribution, heating oil distribution, lubricants distribution, and petroleum logistics. Tipping has been a member of the company's downstream energy and convenience retail investment banking group since 2017. During that time, he has assisted on eight successful engagements, including the sale of Petr-All Petroleum and Apache Oil, as well as Giant Eagle's acquisition of Ricker Oil.

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WHAT IS THE MOST IMPORTANT RISK YOU'VE TAKEN AND WHY?

Industry leaders on the lessons learned from the leaps they have taken

BY NANCY J. COOP

In my experience, businesspeople tend to be risk takers. Not all the replies in this column have to do with taking business risks, but the idea of getting near the edge of the cliff and taking a leap of faith is inherent in each of this month's responses.

What does it take for you to move outside of your comfort zone and step into a new endeavor?

In this section, adopted from the familiar "Heard on the Street" format, we offer our responders a chance to answer the question posed in the title. These are their replies reported verbatim.

TAKING RISKS

"In the fall of 1979 through the spring of 1980, my brother-in-law and I were approached by an area manager of Skelgas who said they had an opportunity with a big upside for a couple of hardworking guys.

Skelgas was getting out of the 100# cylinder business and had a unit in the Duluth, Minnesota, and Superior, Wisconsin, market that was for sale.

At the time, they were delivering about 15,000 100# cylinders per year to residential and industrial accounts in an approximately 40-mile radius.

Other than using propane on the farm growing up … I didn't know zip about propane. That spring, we attended safety and training classes provided by Skelgas as well as a tech school provided by the Minnesota Propane Gas Association at the University of Minnesota. We sold our homes and took the equity from the sale as down payment for a business loan. We moved our families to the Duluth/Superior area and started Duluth/Superior Bottle Gas Inc. in August of 1980.

At that time, business loans had an interest rate of 20%. Because of our inexperience in propane, we were able to convince the bank to take a chance and get a loan to do the deal at 20% … plus two points. To say not knowing the business or the territory was a challenge is an understatement. But we did it.

Three years later, the business was paid off, and Skelgas approached me with an opportunity to join their company as manager of the Skelgas branch in Superior. I sold our half of the business, and 40 years later and about 10 moves throughout the Midwest and Canada later, here we are. I've never looked back and never regretted a minute of it — well, maybe one day, when it was 108 below wind chill delivering cylinders."

David Bertelsen
Matheson
Hamilton, Ohio

"Two come to mind: I started a company called NSYD-OUT, flipping homes in 2005. I had the money to invest and times were good. It was a great experience, and I was flying high, until the bubble burst in 2007. Needless to say, I ended up dissolving the business, but it taught me tenacity and adaptability. I changed directions from flipping homes to becoming a landlord, which is a whole other skill set.



The second is overcoming my fears. When I was in my 20s, I developed a sudden fear of heights. I could not even stand on the first step of a ladder — the fear consumed me. I knew I had to face it head on, so I bungee-jumped, not once, but twice. The first time I could not open my eyes, and I feared it wouldn't stick, so I did it again. I never had a fear of heights after that, and it gave me confidence that I can overcome almost anything."

Hayley Karicofe
AmeriGas
Churchville, Virginia

"I think the most important risk I have taken of late is speaking out against the green movement. In my younger years, I was always taught you never talked about religion or politics because you were bound to make someone unhappy — especially when it came to customers and business. I have never been one for confrontation, but for the past three years I have stood up, even at the risk of losing customers. You see, I feel silence is [tacit] agreement, and not only is the electrification movement threatening our livelihood – but it's just plain wrong.

Our country is being led down a bad energy path, and for me, it's not about the money, it's about doing what is right and standing up for what you believe in, no matter the consequences. I am just one person in one of the smallest states in the country, and if I can convince one more person to rise up and they convince one [more person]... After all, that's how we've gotten to the Green New Deal — someone kept talking. I think as an industry, this is a risk we should all be taking, in my humble opinion."

Judy Taranovich
Proctor Gas
Proctor, Vermont

"Twenty years ago, I took an important risk when I decided to leave the comfort of my college bubble and study abroad through a program called Semester at Sea. Without any friends or even acquaintances, I boarded a ship with 600 students and set sail around the world. We visited Cuba, Brazil, South Africa, Kenya, India, Malaysia, Vietnam, Hong Kong, China and Japan. I studied the history, sociology, government, geography, culture and customs of each country prior to arrival, but it was the real-world experiences in each of these fascinating places that impacted my life forever. Semester at Sea opened my mind, expanded my worldview and instilled a lifelong love of travel in my heart.

I chose Semester at Sea because I felt it was a unique and a once-in-a-lifetime opportunity. I've always tried to live by a piece of advice my grandmother gave me when I was 11 years old. The advice she shared was based on a quote by Mark Twain: 'Twenty years from now you will be more disappointed by the things that you didn't do than by the ones you did do. So throw off the bowlines. Sail away from the safe harbor. Catch the trade winds in your sails. Explore. Dream. Discover.'"

Kara K. Tucker
Koppy's Propane Inc.
Williamstown, Pennsylvania

"For much of my career, I worked for large companies looking for smaller ones to acquire. Our owners made a decision to stop our acquisition program, and I was asked to go back to commercial sales, where I had been [working] 10 years earlier. I decided to take a risk and start my own company.

My daughter was getting ready to go to college. We had a mortgage and not that much in savings. But my wife supported my decision and said I could always go back to working for someone else. Well, I drained the bank accounts and took out a second mortgage, and today we have a successful business.

That was part one of the question. Part two is the why. Yes, I did not want to go backwards in my career, but my big motivation was that I never felt good about trying to buy businesses from owners for the lowest price I could. I knew I could have paid substantially more, but my bonus was tied to buying under a target price. That never sat well with me. Many of those business owners were like my father, who worked six 12-hour days a week, and I always knew I could get them more value for their business."

Steve Abbate
Cetane Associates LLC
Kent, Connecticut

"The most important risk I ever took was marrying a beautiful girl when I was 18, leaving the security of my parents' home, and becoming responsible for this new marriage. We have lasted 55 years with love, hard work, understanding and faith.

The second most important risk she and I took together was 24 years ago when we started Shasta Gas Propane with less than $20,000 in cash. Again, through hard work, understanding the customers' needs and a love for being self-employed, we've persevered through tough times and good times.

We are blessed with a business that has a great reputation in our community. We are able to support local organizations, missionaries around the world and our state and national propane organizations. We can also pass the business on to our children for their future security and prosperity."

Chuck Kinnie
Shasta Gas Propane
Palo Cedro, California

ON RISKY BUSINESS

Personally, my life was altered forever when my dad became sick and buying his bobtail-building company seemed like the best way to help our family. Sometimes it's good not to have a window into the risk ahead, lest we not take it in the first place. ■

Nancy J. Coop is an industry advocate. She serves as marketing director at Cetane Associates. Contact her at ncoop@cetane.net. Visit cetane.net.

DON'T SHOOT THE MESSENGER — INSURANCE PREMIUMS ARE UP

3 reasons for the increasing costs and 7 ways to mitigate their effects

BY FRANK THOMPSON

In summer 2020, I wrote an article published by Butane-Propane News entitled, "Insurance Headlines, Premiums Are Going Up," which was meant to be a warning of changes to come on the horizon.

Fast forward to December 2020, and the prophecy became true as underwriters started to increase premiums on their renewals. Some premiums were up over 30%, and as insurance companies began the new year, there was another round of premium increases.

The increases in insurance premiums are up from 7% to 46% in some cases. In February, I attended the California Surplus Lines Association's Annual Meeting, and they reported an average premium increase of 22% for insurance policies written in California.

These increases have created a lot of angry propane company owners. Some of my clients look at me or their insurance agent and blame us for the increase in costs. They say that they are being forced out of business.

Those clients then start shopping around for another insurance company that will sell them insurance at the 2019 prices they want. Unfortunately, there are no new insurance companies willing to buy the business by offering lower insurance prices.

This failure to realize the importance of fair insurance rates based on historic premiums and losses — thereby allowing the insurance industry to continue to insure propane — is not the culprit for the price increase in 2021. So, what is driving the price increases?

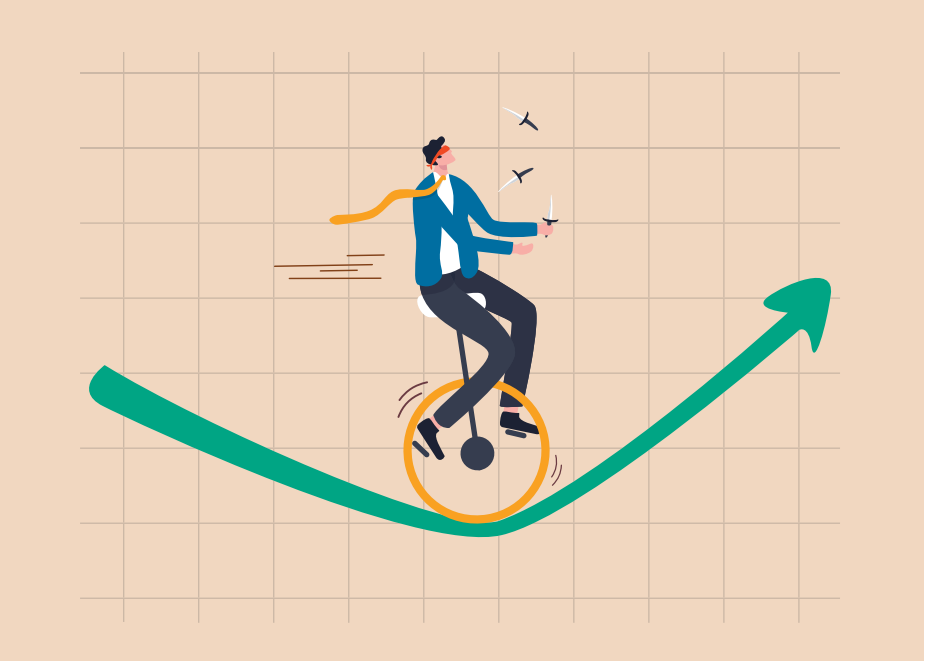
First, the news is full of articles showing the number of natural disasters in 2020 in the United States. Some of these articles claim over $120 billion dollars of damage has occurred. The losses were a result of the forest fires in California, more than 950 tornados, the busiest hurricane season on record, massive cybersecurity breaches and the rioting and civil unrest that occurred last year. And let's not forget COVID-19.

The second reason for the price increases is related to general liability claims. Lack of tort reform has juries awarding "nuclear verdicts," which continue to drive insurance premiums upwards. This is especially true with excess or umbrella insurance premiums, which are showing up to a 50% increase in pricing.

Finally, consider what has happened to date in 2021. During the massive winter storm that struck the U.S. in February 2021, many residents experienced ongoing freezing temperatures and widespread power outages.

Moody's Investor Services on March 1, 2021, reported, "We expect insured losses for U.S. P&C insurers to total in the billions of dollars, with claims from homeowners, commercial property and auto lines of business."

The storm damage caused frozen and broken pipes, resulting in major flooding. Losses also came from the bitter cold, snow and ice, which caused the loss of electricity and



power. This will cost the insurance industry billions of dollars in losses from business income and extra expenses. These factors, combined with a lack of drinking water, has had a crippling effect on many residents and touched the lives of millions across the South.

The Independent Insurance Agency of Texas said in a statement on its website that the winter storm "is expected to be the largest insurance claim event in Texas history."

In an article published by PropertyCasualty360, Seth Rachlin of Capgemini writes, "As the industry has focused so much on price, what you have left is increased variability in coverages, and at the end of the day, there are going to be a lot of unhappy people in Texas with their insurance."

What I am trying to convey to propane marketers across the U.S. is this: Don't blame me or your insurance agent for the fact that we are in a difficult insurance market and insurance premiums are up. Our goal is to get you the lowest price and the broadest coverage from insurance companies.

For some marketers, the natural catastrophic events will be a real eye-opener. The combination of years of not increasing property values to keep up with the rising costs of steel and construction materials and not buying business income and extra expense insurance could be costly. However, there are several things you can do to reduce premiums for your business.

1. Stay focused on safety. In other words, prevent the loss.
2. If you have loss control recommendations, fix the shortfalls and respond in writing.
3. Look at increasing deductibles on property, liability and auto.
4. Look for stable insurance companies and agents that have a successful history of writing propane.
5. Communicate any updates to your agent promptly.
6. Pay premiums annually to save on monthly installment fees.
7. Buy adequate property coverage — make sure your limit is enough to cover co-insurance. ■

Frank Thompson is a chartered property and casualty underwriter based in Phoenix, Arizona. He is the owner of PT Risk Management, an independent insurance company specializing in writing propane and petroleum risk policies throughout the U.S. Visit ptrisk.com.

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GEORGIA COURT AFFIRMS DISMISSAL OF RED TAG CASE

Why a lawsuit against Atlanta Gas Light was dismissed after a natural gas explosion in a rental home

BY DAVID R. SCHLEE

In a recent decision, the Georgia Court of Appeals dismissed a lawsuit against gas supplier Atlanta Gas Light (AGL) arising from a natural gas explosion that killed two people and injured a third. AGL had previously red-tagged the appliance that caused the explosion. While the case — Henry v. Atlanta Gas Light — involves natural gas, it's still of interest since courts often apply the same standards of care to propane suppliers.

TURNING ON THE GAS

In 2015, Andrea Wood was the owner of a rental home. There were new tenants moving into the home, and as part of the process of preparing it for occupancy, she called AGL to have the gas turned on. Wood arranged for the AGL technician to have access since no one was at home.

On Sept. 15, 2015, the AGL technician visited the home to turn on the gas. AGL policy required that he conduct a fuel line and appliance inspection inside the house to identify any safety concerns before the gas supply was turned on. He did this, first unlocking the meter supply valve and checking for leaks downstream of the meter.

While propane suppliers generally test for leaks using a water manometer or pressure gauge, the technician here used a different method — spotting the meter. This involves pressurizing the interior gas lines and then monitoring a test dial on the meter for movement. So, the AGL technician spotted the meter and confirmed that the interior gas piping was leak-free.

NO GROMMET

The technician then turned his attention to the appliances, and here he found some problems. The gas water heater required an additional combustion air vent in the utility room in which it was installed.

The gas furnace presented multiple issues. There was no grommet or protective ring in the furnace cabinet opening, where the gas line entered the appliance. The purpose of the grommet is to protect the gas line — which was a thin-walled, corrugated flexible connector — from damage due to vibrations of the appliance when it was in operation.

In addition, There was no sediment trap on the line leading to the appliance, and the thermostat was not operable. Because of the latter problem, the technician could not operate the appliance to complete his inspection procedure.

RED TAG

Accordingly, the AGL technician did not attempt to light the furnace. Instead, he shut off the in-line valve for the appliance and red-tagged it. He wrapped warning tape around the appliance valve and attached a warning card to the appliance. The warning card stated:

> *The following gas appliance/ equipment has been turned/left off due to the below reasons: ... Furnace ... Explanation: thermostat not displaying, no sediment trap, flex line thru [sic] top of furnace, left off.*
>
> *... DO NOT CONNECT OR USE THE TAGGED APPLIANCE(S) OR CUSTOMER PIPING UNTIL YOU HAVE A PROPERLY LICENSED AND QUALIFIED AGENCY/PERSON PERFORM THE NECESSARY REPAIRS.*

The card apparently also noted the venting problem with the hot water heater. The technician left a copy of this card on the kitchen counter. He then left. The gas supply to the house remained on, but the supply to the furnace was off, with the warning tape and red tag warning card in place. The supply to the hot water heater was apparently also off.

Not long after this, Wood's stepson Scott was at the house getting it ready for the new tenants. He noted that there was no hot water, and he found the warning card in the kitchen.

He called Wood to tell her that the furnace gas supply could not be turned on until the furnace was serviced. Wood called AGL and was told to "get somebody out there" to fix the appliances. She called a plumber to deal with the water heater and Houser Heating and Air Conditioner to repair the furnace.

A Houser technician visited the house on Sept. 24, 2015. He saw the warning card on the furnace, and he made his own examination of the appliance.

He decided that the furnace needed a hard inlet pipe, instead of a flexible line, connecting into the furnace cabinet. He installed a short section of hard pipe that stubbed out of the cabinet. However, he left the flexible connector in place, attaching it to the stubbed-out section of hard pipe.

COILED CONNECTOR

The flexible connector was now somewhat long for the situation, due to space limitations behind the furnace. Sadly, the connector was now curved and coiled in such a way that it was in contact with the exterior of the furnace cabinet. The Houser technician also apparently installed a sediment trap and fixed the thermostat.

The house was rented to Constance Henry and her parents, Patricia and Samuel Henry. They were able to operate the furnace without incident for nine months.

However, over that time, vibrations resulted from operation of the furnace as the blower motor ran and took their toll on the flexible connector. The friction between the furnace cabinet and the connector wore a hole in the connector, and there was a gas leak.

On June 12, 2016, the leaking gas ignited. Data from the Gas meter indicated that the leak started June 5. The connector catastrophically ruptured June 12. The explosion caused injuries to Henry and the deaths of Patricia and Samuel.

Suit was filed against AGL and Houser. Houser settled, and AGL filed a motion for summary judgment, which was granted by the trial court. Then the plaintiffs appealed to the Georgia Court of Appeals.

On appeal, the plaintiffs argued that the lower court erred in finding that the explosion did not result from the breach of any legal duty by AGL. The appellate court began its analysis by reviewing the legal duty of a gas supplier for failures of equipment owned by a customer:

> *"[A]bsent actual knowledge of a dangerous condition, a gas supplier is not generally liable beyond the meter and service pipes. Where ... gas appliances on private property, [are] owned or controlled by the owner or occupant of the premises, a company which merely furnishes ... gas for such respective appliances is not responsible for the ... condition of the ... gas appliances, ... and is not liable to the owner or occupant or to third persons on the premises for injuries, ... caused by such defective condition. The rule is subject to the exception that whenever such ... gas is supplied with actual knowledge on the part of the one supplying it of the defective and dangerous condition of the customer's appliances[,] he is liable for injuries caused by the ... gas thus supplied for use on such defective and dangerous appliances, but no duty of inspection rests on the one supplying the electricity or the gas from the mere fact of rendering such service to the customer owning or controlling the equipment."*

NO NOTICE AND NO DUTY

The court noted that the leak resulted from a negligent repair by Houser. AGL, it said, had no knowledge or notice of the improper work done by Houser after the AGL technician had left. Indeed, the Houser technician remedied the specific hazard that the AGL technician had found, but also created a new hazard of which AGL had no knowledge. No one ever informed AGL of the repair work or even called AGL back to inspect the repair work. The court stated:

> *"Based on this record, Henry cannot meet her burden to identify a duty breached by AGL. Consistent with AGL policy, after discovering the initial hazard, West [the AGL technician] placed warning cards on the appliance and on the kitchen counter, he turned off the gas to the furnace, and he wrapped the valve in warning tape so that it could not be turned on without removing the tape. The fact that Houser performed a negligent repair cannot be attributed to AGL because '[a] gas company is not an insurer of the safety of its customers and their agents and invitees but is liable only for [its] acts of negligence.' AGL left the furnace in a safe condition (with the gas supply valve turned off and taped) and warned the property owner of the hazard it discovered. No one notified AGL of any repair or requested it to reinspect the gas appliances; AGL simply had no knowledge of the hazard that caused the injuries in this case. Absent such knowledge, AGL had no duty to further inspect its customer's gas lines after warning the customer to repair the hazards known to it. Accordingly, the trial court correctly granted summary judgment to AGL."*

The appellate court affirmed the lower court ruling, but the case is not over. The plaintiffs have filed a petition asking the Georgia Supreme Court to review the case, and Georgia Watch, a consumer group, has filed a brief in support of review, contending that gas suppliers, such as AGL, that have found hazards in customer owned appliances should not turn the gas on to the house until all problems noted during its inspection have been corrected and then reinspected by the gas supplier.

This would greatly expand the duty of the gas supplier. The case bears watching as it proceeds in the Georgia Supreme Court. ■

David R. Schlee is of counsel to the Kansas City law firm of Baty Otto Coronado P.C. He can be contacted at dschlee@batyotto.com.

CAYWOOD PROPANE'S STRATEGY FOR HIGHER SALES VOLUME

How studying competitors' offerings and ways to encourage digital interaction helps one marketer meet goals

BY PAT THORNTON

In the second installment of BPN's marketing series on unique selling propositions, we caught up with Chris Caywood, president of Caywood Propane Gas Inc., with offices in Hudson, Michigan.

Learn what he had to say about how his company adapts to changing market trends, doing business in an ongoing pandemic and more below. Read the first installment of our series on our website at bpnews.com/marketing-series.

BPN: WHAT MAKES CAYWOOD PROPANE UNIQUE IN THE MARKETPLACE?

CC: We spend a lot of time thinking about that question. When I first got active in the business about five years ago, one of the first questions I asked my team was, 'Why should a customer buy from us instead of another provider?' And the answers they gave me were 'great service' and 'great prices.'

The problem is, there really isn't a retailer out there promoting bad service at high prices. After a while, we zeroed in on three characteristics that distinguish us from other retailers — reliable, transparent and value-priced services.

We realized that we provided a combination of all three characteristics, and that many retailers — often intentionally so — only focus on one or two. For example, a low-cost service provider will often make no bones about the fact that they provide a low-cost service, but it is not necessarily going to be reliable. Higher cost providers frequently provide better service, so they're not afraid to tell the customer that they're paying a little bit more for the value-added service. We have chosen to focus on being somewhere in that middle ground. We're not charging really high prices, but we're still providing terrific service.

BPN: DIGITAL MARKETING HAS BEEN A BIG PART OF YOUR EVOLUTION LATELY. WOULD YOU TALK ABOUT THAT?

CC: That is something we deliberately started about five years ago. To give you some background, I ran some divisions at a few publicly traded companies that provided education online. Those were entirely digital services, and I learned from these companies how to provide digital services online that are usually rendered in a classroom. With respect to propane, we realized that we could stand out in a crowd fairly quickly by offering digital services. We also realized there is some background benefit to it.

On the front end, with respect to the customer, I recently completed a review of about 45 websites of retail propane marketers that provide services in at least part, if not all, of our delivery area. I evaluated them, trying to figure out if they have digital access. Can their customers go to their website and do anything besides look at information and get a telephone number? Secondly, with respect to



the transparency I alluded to earlier, do they make their terms readily available on their website? Do they tell their customers, 'This is how we do things with you?' Do they offer tank monitors? Do they allow customers the technology to track the level of propane in their tank?

Another important question regarding transparency is, 'Does their website post prices?' And then finally, an important consideration for customers that lease tanks from us is, 'Does that other company provide free price protection?'

After all, when you have an active customer with one of your tanks, especially after that first year, you know what their usage is, so it's easy to predict and to provide price protection to that customer by doing hedging on the backside yourself.

We evaluated all those websites and discovered that propane retailers are increasingly providing digital services. We found that about 60% of retailers were providing some sort of digital services. With respect to transparency and making their terms available, it quickly drops to about 40% of retailers.

With regard to retailers with monitors, there is a dramatic drop-off. We were able to identify four retailers out of a little over 40 that provide unlimited monitor service — whether it's compensated with a charge or it is provided free as part of the service – where both the customer and the company can take a look at the level of gas in the tank using technology.

With respect to posted prices — again, a key element of transparency — there are only five retailers in our delivery area that we are aware of that actually post their prices.

Finally, we're the only retailer, at least as far as I can tell, in our delivery area that provides complementary price protection. So in the process of answering this question, I've alluded to a combination of business and technology coming together, and that's what we think gives us a real edge compared to most of the retailers that are out there, at least with customers who want digital service.

BPN: HAS THE PROCESS OF ATTRACTING CUSTOMERS TO DIGITAL OFFERINGS BEEN AN EASY ONE, OR HAVE THERE BEEN SEVERAL STEPS ALONG THE WAY?

CC: "Steps along the way" is a very polite way of saying we have learned a lot in the last 2 or 3 years. I appreciate the way you've asked the question. We thought [it would be] like in the baseball movies many of us have enjoyed over the years — if we build the technology, the customer will come.

Turns out, they don't. We rolled out full digital access in the fall of 2018. At that point in time, we had just licensed some new technology that gave our customers the opportunity to download an app on their smartphone or to access the



browser on our website online. We thought, 'OK, the phone calls are going to go away now. The customers are going to go to the portal; they're going to download the app; they're going to pay digitally; and it's going to be wonderful.'

It didn't work out that way, so we did some research. The Pew Research Center has a sizeable study about online purchasing that they did about 2 or 3 years ago, and one of the findings was an especially big tell for me. More than 90% of Americans have done some sort of business online. In fact, it's almost 90% who do so regularly (defined as being one transaction or more in a one-month-long period).

So I thought, 'OK, online options are a convenience to everyone. Why aren't they using it?' When I dug into the study a little further, that's where I got the wisdom. The Pew Research Center indicated that something like 75% of the customers who make online purchases would actually prefer to do it on the phone or go to a store to transact their business, and the reason they make the purchase online is because of the discounts and pricing breaks that they get.

Based on that, during the winter of 2019-2020, we realigned our discount program to encourage customers to do one of two models. First, we encourage customers with a very large discount to sign up for auto-fill and auto-pay. The auto-fill is simple: we show up when they need propane.

The auto-pay is a system where we've either pre-authorized their card, or we hit their card or checking account the morning after delivery. So, the combination of those two things eliminates at least two employee interventions — the phone call for the order and the phone call for payment or processing the check that comes in the mail for the payment. That's now become a completely digital transaction.

The second level of discount that we offer is in case customers don't want to be on auto-fill because they want more control. If they place the order digitally, then we will give them half a discount. If they also paid for it digitally, as opposed to mailing a check or calling us on the phone, they would get a second half of a discount. After we realigned those discounts, we had a dramatic shift in how customers

did business with us. In that first winter, only about 1% of our customer base placed a web order, and 57% of our customers were will-call. Those numbers basically flipped the very next winter.

We experienced a 35% increase in auto-fill and a 720% increase in online orders. Today, almost 20% of our will-call orders are placed digitally. We hope to ultimately get all but 10% to 20% of orders placed either digitally or on an auto-fill basis. But it was a dramatic turnaround once we took advantage of the wisdom of the Pew Research Center study.

BPN: MEANWHILE, ALONG CAME COVID-19. HOW HAS THAT IMPACTED THE SWITCH TO DIGITAL?

CC: Well, COVID-19 has had a dramatic impact on business in the industry. As critical infrastructure businesses, we're all allowed to stay in business, but the challenge is to do so safely. Where the digital transition helped us out was more in the back office than in the front office.

I remember getting on Zoom calls with many colleagues and discussing how to operate safely and discovering that, at the time, retailers who used paper invoices to make manual entries had to have their drivers put on masks and gloves, and they would drop off the invoices at a particular spot in the office. The invoices were left alone for 72 hours because, at the time, the understanding was that the virus could transfer to a human from a surface for up to 72 hours.

So they had to wait three days to make the billing entry for the customer. Now, because we have digital tablets and digital meters and those tablets talk to our server through Wi-Fi, we don't have to go through that process. And so, with respect to order and fulfillment, there were no pieces of paper.

On the payment side, similarly, because so many customers were paying digitally, we were handling far less cash with customers walking in, and with checks that were coming in, there were just far, far fewer of them. A digital transaction had a big impact on the back end. On the front end, because customers could place orders over the phone and because customers stopped going into the offices, it had the impact of reducing our telephone volume.

BPN: IS IT TOUGHER TO ATTRACT GOOD EMPLOYEES WITH THE NEED FOR KNOWLEDGE OF DIGITAL TOOLS?

CC: It is. I am in the process of interviewing for a driver and a service technician for one of our plants, and we also recently filled a position. Actually, one of the litmus tests that I engage in to get the right kind of candidate is two-fold:

1. First, I use a digital submission process. I don't use want ads anymore in the local newspaper, which was previously our primary source for candidates. I don't use employment agencies anymore. I use technology that is deliberately attracting the kind of candidate that is used to sitting around with a smart phone using an app or at a desktop using a browser to look for their job. By virtue of that, I know they are have some ability to work with technology.
2. Secondly, all my interviews are conducted with a video conference, and that has literally served as a screening process for about 20% of the applicants. Twenty percent of the applicants are simply unable to get the technology to work, or they're unable to get someone to get it to work for them. I'm able to filter out a lot of applicants quickly, and I'm left with applicants who at least have enough familiarity to wind up on a Zoom call. During the course of that conversation, I actually do warn them that the most important tool in their job is going to be their tablet because they don't have any paper in their job. All our forms are digital — even the Gas Check form.

So, when they perform a gas check or they need to fill out a Department of Transportation form to bring a tank that has more than 5% of gas in it back to the plant — it's all digital. The pre- and post-trip inspections are all digital. If they don't know how to use a tablet or if they don't know how to select parts when filling out a purchase order on-site, then they're not going to be able to function with our business.

BPN: DO YOU HAVE ANY FURTHER THOUGHTS REGARDING YOUR UNIQUE SELLING PROPOSITION?

CC: A lot of our colleagues in the business have elected not to provide a digital offering, and they attract customers who don't want one. These are customers who have a landline. If they have a cellphone, it might be a flip phone. These are customers who prefer to walk in and put cash on the table or write a check and put it under the hood of the tank.

We still serve those customers, and we're happy to serve them, but we don't provide the level of discounting that's available to the customers who engage in a digital offering. What we've discovered over the last two years is there are a lot of customers who are looking for [discounts].

They're not going to use our technology for convenience, but they are going to use it to save money. We're attracting that customer, and retailers who cannot make that offer to those customers aren't going to get them. What we have learned is that we've expanded our market by looking for a different kind of customer. Those customers are out there, but where we find them now is in very different places than where we used to look for them. ■

Pat Thornton is a 25-year veteran of the propane industry, with 20 years at Propane Resources and 5 years at Butane-Propane News. He has served on the PERC Safety & Training Advisory Committee and Missouri PERC Board of Directors.

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TEXAS PROPANE SECTOR RESPONDS TO HISTORIC COLD

How state propane distributors, marketers and associations worked to combat recent weather fluctuations

BY STEVE RELYEA

When historic levels of snow hit Texas and caused outages of electrical power and running water in February, the staff of the Texas Propane Gas Association (TPGA) sprang into action.

To help the state's propane marketers deliver fuel to their customers, association staff obtained waivers to regulations, relayed news and details about those waivers to members, coordinated responses to problems with road conditions and supply, and communicated information to consumers.

The association's executive director, Bill Van Hoy, noted that Texans are much more accustomed to hot weather and hurricanes.

Still, the state's propane marketers and the association were prepared to respond to the challenges of cold weather.

"You always learn from weather-related events," he said. "You learn to deal with the supply and logistics issues. You learn [how] to schedule people, because you know you can't run them 24 hours a day. You learn to prioritize and determine who to deliver to first. Based on lessons learned from the hurricanes we've had in the past and will have in the future, we were prepared to deal with the cold."

The cold caused a variety of problems for those supplying and delivering propane, Van Hoy added.

Propane marketers had to cope with icy roads, particularly through overpasses; equipment at supply points that went down or slowed down considerably; employees who were unable to get to the office; power outages; and cellphone outages.

Still, Texas propane marketers kept customers supplied. Hospitals and nursing homes with propane-fueled backup generators, for example, were at the top of marketers' lists for deliveries when the electricity went out.

"I haven't heard of any of these facilities running out," Van Hoy said. "I for sure would have been called if they had. I'm always pleased when I don't get those calls asking, 'Why did you let these people go cold?'"

ACTIONS TAKEN

To help the association's 400 members deliver propane during these difficult conditions, the staff of TPGA responded in several ways, including the following:

1. *They worked with the Texas Department of Emergency Management and the Texas*



A Genconnex Direct converted, propane-powered generator. (Photo courtesy of Bill Van Hoy.)

> *'You always learn from weather-related events. You learn to deal with the supply and logistics issues. You learn [how] to schedule people because you can't run them 24 hours a day. You learn to prioritize and determine who to deliver to first.'*

Department of Public Safety on Texas hours of service relief. This exempted motor carriers in Texas providing direct assistance to the delivery of propane and home heating oils to storage facilities and homes in Texas from Federal Motor Carrier Safety Regulations regarding maximum driving time for property-carrying vehicles. With the waiver, propane marketers and drivers have the discretion to run more hours in order to make deliveries, if it can be done safely. Van Hoy noted that regulators take seriously the decision to allow a waiver. They balance the risk of drivers operating more hours against that of consumers going without a delivery of propane. "It's a balance," he said. "I have rarely asked for a waiver, and never when it was not necessary. We get names, numbers and statistics to substantiate our request. That's the job of a trade association."

2. *They notified members that the Texas Department of Motor Vehicles suspended vehicle size and weight requirements for operators of commercial motor vehicles to travel in and through Texas to provide disaster assistance in Texas.* "These restrictions limit how much product you can carry and which vehicles you can drive on certain roads," Van Hoy said. "Marketers know they can add a little more fuel or take a faster route when these restrictions are suspended."
3. *They alerted members that the Railroad Commission of Texas, the state's energy regulatory body, waived the requirement for companies to have a transportation-related liquefied propane gas license and waived the registration of transports and bobtails transporting propane.* "This waiver enabled trucks to come into Texas to help without having a license in Texas," Van Hoy said. "This, too, is something that is only done in dire situations, when conditions are tough. This hadn't happened since the winter of 2013 or 2014."
4. *They communicated these winter compliance relief and waivers to members of the association.* This was done primary via email and fax. "We send out the actual hours of service waiver from the person who approved it," Van Hoy said. "We also explain the how, what and when in a very clear way that's not wordy. I and the staff run every email alert past each other and revise it until we get it right. We get a lot of compliments about how easy it is to understand. We know the acronyms of the government agencies, but marketers may not, so we use clear language."
5. *They got the Texas Department of Transportation to salt roads for loading rack terminals.* "We got a call that a major supply point had product, but the access point to it has overpasses and the trucks were piled up there," Van Hoy said. "They needed the roads salted. Getting to the guys with the salt is not an easy task. A staff member found the right person and explained what was going on. Within an hour, they had a guy out there."
6. *They coordinated fuel for propane community systems.* Association staff verified the need for a delivery by making certain the caller was looking at the gauge and not just hearing about the reading secondhand. They then found a source of propane. There are about a hundred community systems of different sizes in Texas. Some have as many as 2,000 people on a community system. "I watch them closely because if you let them run out, there are going to be many complaints," Van Hoy said. "I think a few ran out, but they were supplied very quickly. From what I have seen online, customers were not upset; they understood the environmental challenge and they were thankful. They welcomed the guy who delivered the propane."
7. *They fielded calls from consumers looking for propane and helped find it.* Van Hoy and three staffers fielded hundreds of calls. After finding out if the consumer was looking for a cylinder or a delivery, they provided contact information for sources. "We reached out to folks who fill cylinders to see if they were doing that and how long they thought they could keep going with that," Van Hoy said. "As far as delivery to a house, we could only refer consumers to their normal company. If that company

couldn't deliver, we have an online directory of propane marketers."

8. *They reached out to consumers with messages on Facebook.*
The association has robust social media platforms and shares with consumers information, such as how to check a gauge, what a 20% reading means, how much propane a home of a given size is likely to burn per day, and when to call a supplier for a delivery. "We remind consumers that our members want to serve them but are challenged by these conditions just like everyone else is," Van Hoy said. "We help consumers as much as we can. We don't sell gas, but we help how we can with communications."

PREPARATIONS MADE

Based on their past experiences with hurricanes, the association and many of the state's marketers had made preparations.

Van Hoy noted that other marketers and consumers of propane can also prepare for future weather-related events or other power disruptions.

1. *Have Backup Suppliers of Propane*

"When events like this happen, there's confusion and people worry they're not going to get their delivery. So, they look for a second source of supply," Van Hoy said. "That's a lesson to be learned. Have a plan in place for supply—not only A, but also B and C. Not everyone has done that."

2. *Have a Backup Communication System*

"We have a cloud-based phone system that we can monitor from anywhere, anytime," Van Hoy said. "We all have cell phones, but all the office phones roll to the cell. We are never unable to talk with members. We are 100% cloud-based in our back-office software, too. That is good, because there were days we couldn't get to the office."

3. *Have a Source of Information You Can Rely On*

This source should have answers for things like waivers of hours of service and other regulations. "We alert our members about these waivers," Van Hoy said. "We even put out messages to members that we are working on it so they can plan. We also estimate the likelihood we will get it and when we expect to get it. We are an extension of our members' companies; my staff does a great job."

Overall, with preparations like these, the industry delivered in these difficult conditions. "Our industry's story is a good one," Van Hoy said. "Of course, you can always improve, but I think we came out of it well." ■

Steve Relyea has written for business-to-business publications for more than 30 years. He has specialized in reporting on skilled trades, small businesses and entrepreneurs.

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A UNIFIED ENVIRONMENTAL MESSAGE

Joint task force of PERC and NPGA representatives details plans for a comprehensive communication strategy for the industry

BY PAT THORNTON

Propane Education & Research Council (PERC) Councilors gathered for another virtual meeting on Feb. 10.

As discussed when PERC met in November, a couple of months would be devoted to the development of the most effective environmental messaging campaign possible.

The group — comprised of two representatives from PERC and two from the National Propane Gas Association (NPGA), led by Stuart Weidie, chief executive officer and president of Blossman Gas — laid out their plan. Weidie reminded councilors of a few assumptions:

- The case has been made that increases in global greenhouse gas emission in recent decades are real.
- The narrative that fossil fuel combustion is the main cause of climate change is firmly fixed as a moral certitude.
- Propane is assumed to be a dirty fossil fuel, despite its favorable environmental attributes. Conversely, electricity is seen as clean. The grid's inefficiency and dependence on coal and natural gas are ignored.
- The "Electrification of Everything" movement is rapidly gaining momentum and threatens the future of the propane industry.

Weidie outlined a strategy of the propane industry being the disruptor versus disrupted. "We'll show propane is carbon-clean relative to fossil fuel counterparts," he said. "Propane can accelerate decarbonization."

The strategy also included sharing aspirations and speaking "climate" fluently. "Banning gas shouldn't be the goal. Decarbonization is a goal we can all share," Weidie said. "Expanding influence and building long bridges is another key strategy; we'll show CO2 isn't the whole problem. We will address greenhouse gas emissions, including fugitive methane."

Weidie also emphasized that part of the strategy will entail conveying the message to the public that propane is in abundant supply, has readily available technology to facilitate its production and distribution and is affordable for everyone. Two key messages of the campaign are:

- "Cleaner and renewable energy like propane accelerates decarbonization."
- "Access to cleaner, affordable and renewable energy like propane ensures equity on the path to zero."

According to Weidie, opportunities to achieve decarbonization include replacing coal in all United States electrical power plants; replacing diesel in all heavy transportation applications: ships, mid-duty and heavy-duty trucks and agricultural tractors; replacing electric water heaters with tankless heaters; and replacing all fluorinated gases in refrigeration with R290.

It was noted that more than 60% of energy in electricity generation is lost, and that in 2019, 83% of the grid was still energized by non-renewables.

Major concerns regarding access to clean, renewable energy Weidie outlined include data showing the number of employed people living paycheck to paycheck pre-COVID-19 at 74% with almost three in 10 adults having no emergency savings; the share of income low-income households spend on electricity rose by a third in the last decade; and utility programs that promote rooftop solar power, electric vehicles and home energy storage are largely inaccessible to many low-income households.

The meeting also included a presentation by Erin Hatcher, vice president of communications at PERC, who introduced a full-year, integrated marketing plan. The 2021 plan will be a continuation of the "Propane Can Do That" campaign.

Hatcher said, "Individual market strategies are focused on the target audience. Tactics will support up to three key objectives per market."

She asked for and received council approval for the $9.86 million integrated marketing communications docket, which encompasses the totality of 2021 programming for all markets, environmental thought leadership, corporate communications/cross-market and digital development. Projects that have been approved for the meeting include the following items:

- *Docket 22786* — 2021 Integrated Marketing Communications

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- *Docket 22860* — 2021 Partnership with NPGA and GPA Midstream, $1.495 million
- *Docket 22804* — Business Development Engagement and Professional Services, $675,000
- *Docket 22789* — Residential Market Business Development, $657,500
- *Docket 22796* — Autogas Market Business Development, $620,000
- *Docket 22792* — Commercial Market Business Development, $472,500
- *Docket 22801* — Material Handling Market Business Development, $365,000
- *Docket 22791* — Agriculture Market Business Development, $285,000
- *Docket 22802* — Off-Road Market Business Development, $255,000
- *Docket 22788* — Stirling Battery Ecosystem (SBE9000) Using Propane, $450,000
- *Docket 22640* — Development and UL Certification of a Propane-Fired Burner for a 4 kWe Stirling Generator, $260,000
- *Docket 22803* — Techno-Economic, Feasibility and Life-Cycle Analysis of Renewable Propane, $152,414
- *Docket 22819* — 2021 Learning Center Support, $250,000
- *Docket 22784* — 2021 Market Research and Data Operation, $574,000 ■

Pat Thornton is a 25-year veteran of the propane industry, with 20 years at Propane Resources and 5 years at Butane-Propane News. He has served on the PERC Safety & Training Advisory Committee and the Missouri PERC Board of Directors.



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TOP TRENDS DRIVING PROPANE CYLINDER SALES

Stakeholders in production, refurbishing and sales of propane cylinders discuss market direction and strategies

BY PAT THORNTON

"Purchasing steel is tough right now," said Adam Gazapian, owner of WB Tank & Equipment (Portage, Wisconsin), which refurbishes tanks and cylinders for resale. "There is a lot of demand for propane cylinders; we need more tanks and more labor."

At Worthington Industries (Worthington, Ohio), Sales Director Mark Komlosi said the pandemic has significantly impacted the strong demand for propane cylinders. "Businesses and consumers have made further investments in extending the outdoor season," Komlosi said.

"In order to do so, they have more propane appliances than they did two to three years ago, thus driving demand for various sizes of products. In talking with our customers, liquefied petroleum gas (LPG) marketers, distributors and box retailers, we do not see this trend slowing down in the next 24 months," he continued.

LIMITED COVID-19 SLOWDOWN, NOW FULL SPEED AHEAD

"Worthington continues to introduce innovative products to help consumers and markets have a better experience with our products and become more efficient," Komlosi said. "We have a pipeline of products being developed based on insights we have captured for our customers and consumers."

Komlosi says both steel pricing and availability have impacted the market. "We expect that to be the case for the foreseeable future," he said. "The best advice we can provide to marketers is to plan their needs as far out as possible. The companies that are planning ... are winning on price and inventory."

Gazapian says his business is working at full capacity to keep up with demand for cylinders. "We have trucks of cylinders going from our operation in Wisconsin to Texas, Maine, North Carolina and Washington state just this week," Gazapian said in mid-March 2021.

"Refurbished cylinders with new paint and American-made RegO valves can be sold for $340. These are usually $550 new," he said. "With a lot of economic challenges in our country right now, every bit of savings is helpful."

He noted that many end users are using 420-pound cylinders, which hold about 120 gallons of propane, at their home. "This may be their best option for now, with money being tight. These 420-pound cylinders can be placed by a house without the costs associated with digging and placing an underground line. If they run a lot of gallons through their cylinder, they may ultimately find cost savings in a regular 500-gallon tank as the lower cost of less frequent deliveries to their home may ultimately represent savings," he said.



The Worthington Industries SmartLid was created with the LP gas marketer in mind with its design that ensures easy monitor placement and reliable coverage for fleets.

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American Cylinder Exchange (West Palm Beach, Florida), operates cylinder delivery in 11 metropolitan areas across the United States. Partner Mike Gioffre said COVID-19 only presented a short-term dip in volume, which lasted through the summer.

"We have since seen a return to more normal levels," he said. "We instituted a 'paperless' delivery process which remains in place today and will now likely be a permanent part of our delivery process. In addition, we were successful in instituting remote workstations for some of our administrative folks, which was a seamless process for our customers and limited our office presence at some of our larger locations during the height of the pandemic."

OUTDOOR LIVING SALES RAMP UP

LP Cylinder Service Inc. (Shohola, Pennsylvania), a cylinder refurbisher, was acquired by Quality Steel in 2019 and has customers throughout the eastern half of the U.S.

"We take care of customers from Maine to Georgia as well as middle states, such as Tennessee, Ohio and Michigan," said Chris Ryman, vice president of operations. "We serve both mom-and-pop retail operations as well as larger players, too."

Ryman said the refurbished side of the business picked up significantly with the pandemic. "With more people staying at home and working from home, we definitely saw a big increase in demand for 20-pound cylinders as well as cylinders to fuel generators, which have become popular during power outages."

Steel prices also drive demand for refurbished cylinders. "The price of cylinders get higher and sometimes new cylinders are simply unavailable," he said.



Worthington Industries manufactures 20-pound propane tanks.



Worthington's 20-pound propane tanks work for a variety of outdoor applications.

Ryman said growth in cylinder demand is driven not only by new outdoor living products in backyards across the country, but also by new people moving out of major cities. "This has sparked a lot of demand for additional cylinders to take care of a variety of uses. Heating the home, outdoor living applications and demand for propane-fueled generators are all factors driving demand for cylinders of all sizes."

He notes that new technology in remote monitors is making it easier to track the volume of propane in cylinders. "Many cylinders 200 pounds and above have gauges. In addition, the technology is in place for many monitors to directly schedule customers for a delivery when the tank goes below a certain level," he said.

Even cages are seeing new technology. "At Home Depot, customers don't have to find a staff person to do an exchange for a 20-pound cylinder. The cages are now equipped with a code for the customer to open the cage and do their own exchange after making the payment," Ryman continued. Restaurant demand for cylinders has been strong throughout the pandemic amid restaurants adding outdoor seating to

accommodate the volume of customers they used to be able to serve inside. Social distancing across much of the country reduced restaurant capacity to 50% or lower, in some cases.

"Patio heater demand has been increasing rapidly, and manufacturers have been trying to keep up," said Bryan Cordill, director of residential and commercial business development for the Propane Education & Research Council (PERC). "For many Americans, the 20-pound cylinder is the cylinder they are most familiar with because they are so popular for barbeque grills and many outdoor living features."

Cordill said PERC is not directly funding development and manufacturing of new outdoor living products.

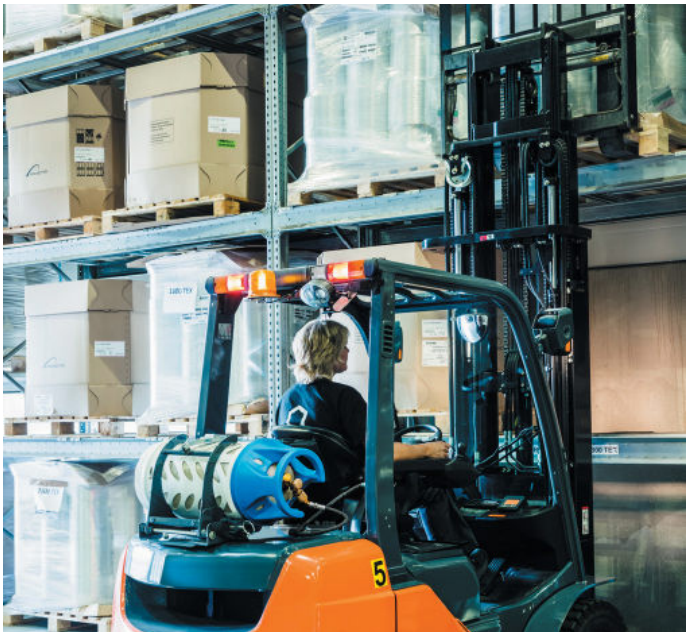
"Our strategic plan calls for a focus on outdoor living without investment in new products," he said. "We are investing in marketing and promoting the idea of the family outdoor experience. Fire pits, outdoor tables with propane heating and more products enhance the concept of families being able to spend more time together outside."

INDUSTRIAL APPLICATIONS FOR CYLINDERS ARE ALSO GROWING

"The debate over propane versus electric is ongoing in the industrial space across the U.S.," said Matt McDonald, PERC's director of off-road business development. "Propane is seeing increasing demand due to a variety of benefits it brings to the table."

McDonald said that material handling in a busy warehouse doesn't need to stop for the charging of a battery. "Workers can quickly replace an empty propane cylinder with a full cylinder," he said. "This can eliminate the need for additional forklifts and expensive electric change-out infrastructure to allow for battery charging while the work must go on."

Of course, the environmental benefits of propane are another major factor beginning to resonate with warehouse managers.



A Viking composite cylinder fueling a forklift in a warehouse.

"Building codes are becoming more focused on lowering the carbon footprint and protecting the health of workers," McDonald said. "Indoor industrial functions can be allowed a much cleaner and healthier environment with propane."

"The addition of more and more machinery that runs on propane the rental industry will help us make a lot of inroads for propane," McDonald continued. "Ports at shipping facilities offer a huge opportunity for propane as well. Coastal ports represent a lot of cargo that needs to move quickly, and port spaces are under pressure to clean up their environments."

He listed several machines that are getting attention because of their reduced carbon emissions and potential for improving indoor air quality.

"Concrete equipment, forklifts, power buggies, scissor lifts, concrete grinders, concrete polishers, floor strippers, concrete saws and concrete vacuums are all machines that



Cylinders in the refurbishing process at LP Cylinder Service Inc.



Cylinders in the refurbishing process at LP Cylinder Service Inc.

can run on propane and really provide an improved indoor environmental impact," McDonald said.

INTEREST IN COMPOSITE CYLINDERS GROWS WORLDWIDE

Lighter-weight composite cylinders are growing in use worldwide, but the move to composite cylinders has not been as rapid.

"There are many benefits to composite cylinders," said Sean Ellen, managing director at Viking Cylinders (Heath, Ohio) "Now that the price difference between our composite cylinders and metal cylinders is shrinking, companies are taking a closer look at our benefits."

Ellen stressed the lighter weight of the cylinders as a major ergonomic benefit. "Our forklift cylinder — when full — is under 50 pounds which fits perfectly with the OSHA recommended lifting limit. Restaurants that have to quickly change cylinders during a hectic dinner rush absolutely love how easy it is to handle our cylinder."

He noted that steel cylinders are usually about 70 pounds when full and aluminum cylinders are about 60 pounds. "If you're using aluminum or metal cylinders, you should have two people load and unload the propane tank when you're swapping out."

He noted other features as well. "The cylinders are designed and tested to be bleve and rust free thereby reducing risk & maintenance costs."

"Globally, we have made more inroads in replacing metal cylinders," Ellen said. "Worldwide, we are approaching 20 million cylinders in circulation through our parent company, Hexagon Ragasco, which has been in existence for 20 years. In North America adoption has been slower than we would like. We have been in the U.S. for 15 years. We find [that] once we can get a cylinder in someone's hands, we have a great chance of converting them."

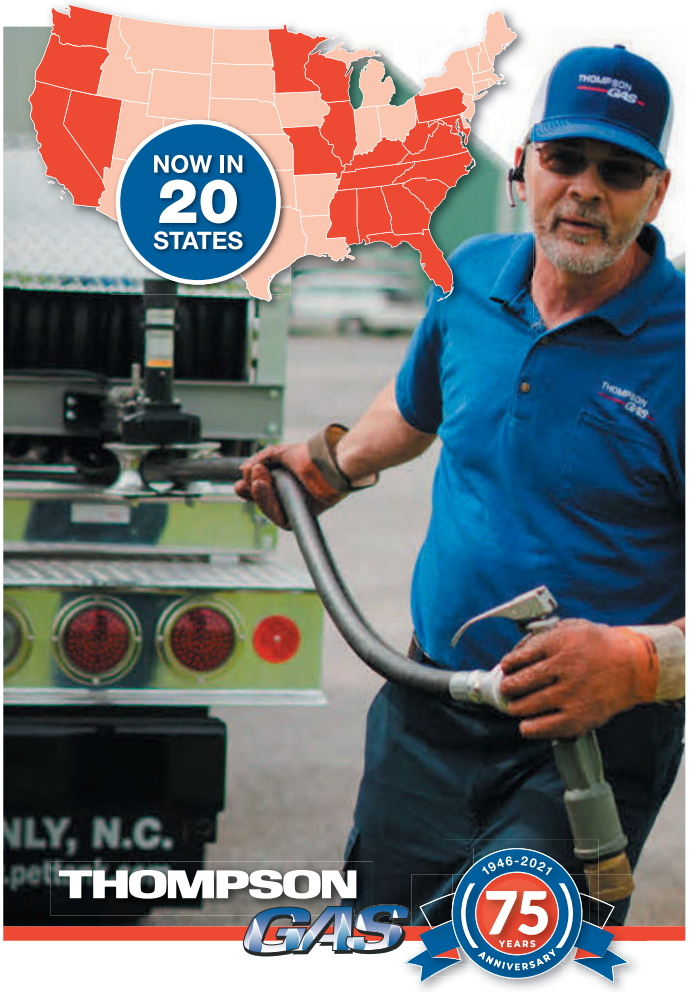
Obie Dixon, who is the director of sales for Win Propane in Wever, Iowa, said the new Viking Cylinders products are a great addition to their offerings. "Steel cylinders will still be the choice of some customers and composite cylinders will be the choice for others," said Dixon.

Due to the ergonomic benefits of the lower weight cylinders, Dixon has industrial customers who are happy they made the switch to composite cylinders.

"Steel cylinders are still a lower cost," Dixon said. "But, considering the rust-free benefits, there are additional benefits in the marine world, another example of customers who also see the benefits as worth any added cost." ■

Pat Thornton is a 25-year veteran of the propane industry, with 20 years at Propane Resources and 5 years at Butane-Propane News. He has served on the PERC Safety & Training Advisory Committee and Missouri PERC Board of Directors.

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THE INS AND OUTS OF FUEL GAS CYLINDER RECYCLING AND REMEDIATION

Proper fuel gas cylinder fleet management considers the entire life cycle of the gas container

BY MATT BOETTNER

With global trends moving toward reuse and recycling, the demand for environmentally friendly propane cylinder remediation and disposal services are on the rise.

A wide variety of packaged gas applications, including fuel gas, such as propane and butane, generate residual or surplus gas and cylinder material waste streams that must be managed and remediated. This can include dangerous and hazardous materials, hazardous waste as well as recyclable items. There is a broad spectrum of packaged gas waste generators across various end-user types and gas suppliers.

These operations include small and large private corporations, educational institutions, research facilities, health-care providers and government agencies. Proper fuel gas cylinder fleet management considers the entire life cycle of the gas container and is a critical function of fuel gas suppliers and end users.

Fuel gas fleet management includes regular cylinder maintenance, cleaning, refurbishing, gas service changes and requalification per Department of Transportation (DOT) requirements. Just as importantly, at the end of a cylinder's useful life it needs to be handled in a manner consistent with best practices. This includes recycling and disposal of used fuel gas cylinders in a safe, efficient and environmentally friendly fashion. In addition to cost and safety, there are important regulatory considerations to make when recycling fuel gas cylinders, so proper handling is critical.

Requalification of fuel gas cylinders is an essential step in the cylinder fleet management process. For example, the requalification of DOT type 4B, 4BA, 4BW, 4B-240ET and 4E rated cylinders must meet specific requirements according to 49 CFR 180.209(e), (f), (g) and (j). This includes a visual inspection done in accordance with Compressed Gas Association Pamphlet C-6 or C-6.3. The process may also include a minimum pressure test that is two times the service pressure with certain exceptions.

Certain markings must be applied to the cylinders by a certified DOT requalification facility during the process. When performing an external visual inspection in place of a periodic hydrostatic pressure test (for noncorrosive gases, such as propane) one is required to stamp an E after the requalification date. Requalification periods are five, 10 or 12 years depending on certain factors and the method used.

Fuel gas cylinders, including propane, butane, propylene and acetylene, are hazardous. They pose several safety and environmental risks, including risk of explosion, fire, crush



Pre-inspection of 20-pound LPG cylinders (Images courtesy of All Safe Global)

hazards and suffocation, among others. Along with these risks comes potential legal liabilities, which must be addressed when disposing of cylinders.

Cylinders with unknown contents pose a particularly high risk and should only be handled by qualified personnel with extensive training using the latest field technology and methods (at times the contents of a fuel gas cylinder are unknown from misuse). Sometimes specialized equipment is needed for handling misused gas cylinders. This can especially be the case for situations involving cylinders with inoperable valves. Sometimes field work must be completed before a fuel gas cylinder can be safely transported to a final remediation facility.



Reconditioned LPG cylinders after first pass of paint

Transportation and logistical considerations can be a major factor with cylinder fleet remediation. Full-service remediation companies will typically offer transportation options, including everything from pickup to final disposal. Before cylinders can be transported, they must be made safe for handling.

Cylinder valve combinations typically contain various metals, including aluminum, steel and brass. Asbestos and other materials may also be present in addition to the gas contents of the cylinder. At a minimum, a cylinder must be depressurized via venting before it can be recycled. Depending on the contents, more extensive measures may be required.

Fuel gas cylinder contents can differ, posing various levels of flammability and explosion risk. Acetylene is commonly used for welding and cutting and is often used in conjunction with high pressure gases, such as oxygen. The welding process that uses acetylene is known as oxyfuel welding/cutting. Acetylene is highly flammable and can be volatile if not handled correctly.

At times, refrigerant cylinders can be mistaken for fuel gas cylinders as their appearance and construction are very similar. Refrigerants pose environmental hazards, including contamination and ozone depletion. Refrigerant recovery tanks used for servicing air conditioning systems often contain multiple types of refrigerants. Refrigerants must be incinerated or recaptured and separated for reuse in order to prevent environmental damage and to comply with government regulations. This is a very different process from the handling of fuel gas cylinders, so it is important that the two are not confused and are handled by a qualified remediation company.

Fuel gas cylinder contents can also be contaminated with non-gas substances, such as water or petroleum products. These contents must be dealt with separately from any compressed or liquefied gases present.

Most fuel gas cylinders can be safely recycled in a cost-effective manner. Ideally, reuse of metals or the entire cylinder and valve can be achieved to avoid landfills. The process of reuse or disposal often includes de-valving, rendering the cylinder useless, removal of markings, recycling of metals and traceable certification. Or reuse and repurposing of the cylinder itself can be achieved if it can be requalified for field use per DOT regulations. Sometimes this involves testing, visual inspection, gas service changes, cylinder cleaning and decontamination, which must be provided by a federal DOT authorized facility.

Fuel gas cylinder recycling and remediation is funded in different ways. If the owner of the cylinder wishes to reuse cylinders that meet requalification requirements, the owner typically pays for the refurbishment and recertification of the cylinder. This is less costly then purchasing new cylinders, offering the owner savings. If used cylinders are part of a site remediation project, government funding may play a role in the disposal and/or recycling of the cylinders. Depending on the cylinder type, the used cylinder core may also be purchased by a reclamation company if it has residual value.

It is important to use a waste processing company that provides certification of how a cylinder is recycled and/or disposed of. This certification should be traceable giving customers confidence that cylinders are handled properly.

Cylinder remediation projects range in size. They may be as small as a single cylinder or as large as a multi-location, multiphase fleet decommissioning of various cylinder types and sizes. The impetus behind remediation can be aging of cylinders, cylinder damage, end of project, normal wear and tear and more.

Remediation projects sometimes require multiple companies working in tandem to coordinate. One or more companies will usually provide services including project management, gas recapture, cylinder gas service changes and requalification, landfilling, metals recycling, front-end sorting, loading and transportation. ■



Matt Boettner is president, chief executive officer and chairman of All-Safe Global. Visit allsafe.net.

THE IMPORTANCE OF A CONTINUING LEGACY

Former publisher of BPN Natalie Peal reflects on her career in the propane industry

BY ELIZABETH MANNING

Editor's Note: Read the extended version of this Q&A — including Natalie's career trajectory, further thoughts on the role of women in propane, and her plans moving forward — on our website at bpnews.com/natalie-peal-legacy.

As a newcomer to the propane industry, the Butane-Propane News brand is one that seems to fit well within a general theme of the industry as a whole — it's a business built on long-term relationships, integrity and loyalty. And where BPN is concerned, that loyalty is beholden to you, the reader. When Natalie Peal's father, Bill Clark, acquired the brand in 1969, he sought to continue to add value to the industry through publishing the content BPN readers need to work more profitably, efficiently, safer, and so on. And so, a family legacy was born. Peal began taking the reins from her father in the mid-1980s and took full control of the brand on his passing in 2005. She has worked to continue that legacy, while also adapting to the many changes experienced by everyone working in propane over the past several decades. In early 2021, Peal and her sister, Nanette Dougall, sold the assets of BPN to Cahaba Media Group, a trade publisher headquartered in Birmingham, Alabama. As Peal looks forward to a new chapter, she said it is also bittersweet to step back from her role as publisher. In the following article, hear from Peal on her career in the industry, the biggest changes she has experienced and what she expects lies ahead for propane in America.

BPN: How did you get your start in the propane industry?

NP: I don't think I consciously chose to continue my father's legacy. It took me a long time to realize how smart he was, what an amazing writer and wordsmith he was, and the amount of respect that people had — and still have — for him. After a while, I think the propane industry chose me to be a part of its family, and I've been drawn to it ever since. As my parents always said, and as I experienced as I became more involved, the people in propane are the best you will ever find. The longer I remained in the industry and took on more responsibility at BPN, I knew I didn't want to ride my dad's coattails. Unless someone was a friend of my parents, I didn't go out of my way to let them know we were related. I wanted to be judged on who I was and the work and product I produced. I guess I did a fairly good job of that. Several years ago, when my dad was initiated into the LP Gas Hall of Fame, I accepted his award, and afterward, several people came up to tell me they never knew I was his daughter.

BPN: What would you consider some of your greatest career achievements?

NP: I think my No.1 achievement is the "Propane in America: The First 100 Years 1912-2012" history book. It was truly a labor of love. From researching the materials and talking with a number of key industry players to deciding the "who, what, and where" that needed to be included, and, of course, finding support and financial backing, it took a strong team effort to have a finished product that I believe we can all be very proud of. Like many projects, you don't realize what you have gotten yourself into until you actually begin the work. But, aside from the many hours worked, I feel I learned a lot from many industry leaders who were so generous in sharing their knowledge. My greatest honor, though, was being given the inaugural WINLPG Outstanding Achievement Award 2020. WINLPG is the World LP Gas Association's



Natalie Peal



The cover of the first issue of BPN

equivalent of Women in Propane in the United States. I've been involved with WINLPG since its inception and have provided editorial and publicity for the organization. Because its members are from every corner of the world and hold a variety of jobs and responsibilities, this diverse group has so many stories that demonstrate just how important propane is worldwide. They are truly amazing women.

BPN: What actions have you taken to create a better environment for women coming into the industry?

NP: Until later in the 1990s, women attending board meetings and conventions were more likely to be the spouse of an attendee rather than a propane company representative. By the turn of the century, more women were becoming involved in the industry, but unless you were with a group of coworkers or acquaintances, possibly from your state association, it was still difficult at times to navigate your way. As time progressed, the possibility of a women's group began being discussed. I remember I was in an elevator with Tom Jaenicke and Paula Wilson when they were talking about a women in construction group that Tom was familiar with. I told them BPN would be happy to provide coverage and support if a similar group for the propane industry were to gain momentum. Shortly thereafter, I began to participate in the group working toward the eventual formation of Women in Propane (WIP). I believe that this council wouldn't have gotten off the ground if Nancy Coop — who then owned Jarco, a bobtail builder — hadn't joined the industry and sparked an interest, by men and women alike, in what was to become WIP. Nancy's business savvy and public relations skills made many take a second (and third) look at just how women benefit the industry. With the diligence and hard work of the many original founders of WIP, it became an official National Propane Gas Association (NPGA) business council in 2012. I'm proud to say that with BPN's assistance, the vision came to fruition. WIP has now provided numerous women with mentors, advisory assistance and a new look at how to better and more efficiently run a business. It's given them opportunities and direction that previously could only be wished for. During one of the early sessions to discuss the purpose of WIP, it was said loud and clear that no one wanted it to have the image of a place where women would discuss nail polish colors and decorating tips. However, to no one's surprise, the topics have always been far more meaningful.

BPN: What are some of the biggest changes to the propane industry you have experienced over your career?

NP: The industry has changed in many ways. It's much more difficult for a person to start a propane business with just a bit of extra cash, a used bobtail and a willingness to work. That's how this industry took off following World War II. These family-owned businesses were the backbone of the propane industry. Perhaps this is why there have always been so many outstanding people involved with propane. It's a group that banded together to forge an industry nationwide. Larger corporations made up a smaller percentage of fuel sales. As time went by, the added complexities of regulations, safety training, recordkeeping and a host of other musts — to say nothing of the cost of bobtails and other equipment — have changed the face of the industry. I believe these have resulted in more acquisitions, by small and large corporations alike, and has changed the mom-and-pop type of business atmosphere to one with a bit more of a corporate edge. Another change that is becoming evident is the stronger partnership between the Propane Education & Research Council (PERC) and the NPGA. This is something that will benefit the industry as it pushes forward with its environmental action plan. With the two organizations going forward with new, stronger messages about how the "electrification of everything" is not the best option, their united front will only make our industry stronger. Another definite change is the acceptance and visibility of women in the industry. Michelle Bimson Maggi, an attorney at AmeriGas, has opened the door for women to become chair of NPGA. In less than two years, she will take the gavel as the first woman to



Pictured from left to right: Nanette (Natalie's sister), Natalie's father, Bill Clark, Natalie's mother, Barbara Clark, and Natalie.

chair the board. Thinking of the role of women in propane, I've been fascinated those covered in BPN's column of the same name. These are women holding top positions at transportation, supply and production corporations. These women and others responsible for running smaller operations are the same ones who will serve as role models for today's young women who are focusing on science, technology, engineering and mathematics classes and who will have an equal opportunity to fuel the future.

BPN: You've described this industry as a close-knit community. How do you see potential changes coming — globalization of the American propane supply, a new administration's energy policies, etc. — affecting those strong industry relationships?

NP: I think that possibly the many mergers and acquisitions will change the industry relationships more than the new administration's energy policies or the globalization of the product. With more large size corporations being involved, there is a different way of thinking — more of a "corporate mentality." Some are in business to do more than make a success for the family and employees; they have shareholders to worry about. There's nothing wrong with that — but it brings a different thought process to doing business. Today, smaller, independent marketers have fewer of their peers to rely on to brainstorm about managing a business and what will work or not. When they were relying more on a fellow independent, a close friendship was often formed, one that included families, rather than just the owners. These friendships passed down over the years, making it seem more like an extended family. As far as the administration's new regulations, this is where the propane industry shines with its grassroot efforts. It's an industry that pulls together to fight a good fight to make sure that the fuel is put on a level playing field with other fuels that come with much deeper pockets. With the "electrification of everything," and the new environmental policies, the collaboration of PERC and NPGA show how valuable the close relationship of all industry members can strengthen the message to help regulators see the benefits the fuel offers. Without working together in the tightknit community, without the events, and without the state associations and their executive directors working with state regulators and legislators, there could be consumers left without the necessary "creature comforts," a workplace that is far less safe, and regulations that could put a number of small operations out of business. It takes the propane family team to get the job done. As far as the globalization of American propane, it is a fairly new opportunity. It is a different supply scenario than in the past; there are so many outside influences that the

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U.S. does not control. The Organization of Petroleum Exporting Countries (OPEC) calls many of the shots regarding prices, policies, controls and supply. U.S. marketers will need to be more vigilant to make sure that they are taking loads during the summer so that they will have their portion of the winter allocation. No longer is supply available at any time. Just because there is product in storage doesn't mean it isn't already spoken for. It's a new mindset, but one that could continue to evolve.

BPN: Can you speak to the role BPN plays as a voice of the industry, and how you have led its evolution?

NP: For more than 80 years, BPN has served the industry with trusted reporting and news. The principles that were in place early on remain today. BPN respects its advertisers and readers and has been dedicated to giving them the best possible coverage of the industry available. My path was well-set when I took over. The last few decades have seen a refocusing of how information is disbursed, but the industry, as such, is not (and has never been) one to make changes readily. In the past year, however, changes necessitated by the pandemic have forced it to move more quickly into 21st century technology than would have naturally occurred, albeit more slowly, without this less than subtle nudge. There is now a realization that meetings can be nearly as functional using Zoom, rather than being in person. It has provided a new tool for more easily getting training and information to industry members. I believe by its support and coverage of the new online venues, BPN has helped to move the industry forward.

BPN: What's your advice for new people considering a career in the industry?

NP: You won't regret taking a position in the propane industry. Most everyone will agree that the people in the industry are the best — they are genuine, friendly, helpful, down to earth and willing to work together for everyone's betterment. While to some its reach might feel rather narrow at first or lack some of the dazzle of other options, there are so many niches within the industry that there will be numerous choices over the years of where your career could take you. Whether it's a job starting as a bobtail driver that eventually could take you into upper management or a technical career where you find new opportunities evolving to better the industry and quite possibly the environment, it's a place where strong work ethics are both recognized and rewarded. ■

Elizabeth Manning is the current editor of Butane-Propane News. Visit bpnews.com.



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THE STRATEGY BEHIND CREATING AN ENDURING COMPANY

Third-generation leader Randy Thompson looks back on 75 years of successful business

BY STEVE RELYEA

In 1946, Lloyd and Dortha Thompson added propane cylinder exchange to the products and services they offered at their general store in Boonsboro, Maryland. Seventy-five years later, ThompsonGas is still rooted in the same local farming community, but has grown into a national propane retailer serving hundreds of communities in 22 states across the country.

Strategic acquisitions and organic growth have fueled the company's expansion. ThompsonGas added eight propane retailers to its family of companies in 2020 and has already closed on two acquisitions in 2021.

Over the years, each of the leaders of ThompsonGas made contributions that led to this growth, according to J. Randall (Randy) Thompson, a third-generation leader who is now a board member for the company.

"From my grandparents, to my parents, to me, to today's [current] team, we have endeavored to create a lasting company," he said. "This is an evolving organization that hires the best people and takes chances on things. If we make mistakes, we learn from them and move forward."



ThompsonGas started in Lloyd and Dortha Thompson's general store in Boonsboro, Maryland, in 1946.



Randy Thompson (left) and Jim Thompson stand inside a new building in Boonsboro, Maryland, that began housing the ThompsonGas offices in 1989.

THE EVOLUTION OF THOMPSONGAS

One early step in the evolution of ThompsonGas was controlling its own bulk storage. Lloyd and Dortha became propane retailers the way many others did; they partnered with refiners of gasoline products who offered to put

them into the propane business by supplying them with the product and then collecting 25 cents per gallon sold. "It was almost like a franchise," Randy Thompson said.

That changed in the late 1940s or early 1950s, when Lloyd Thompson decided to implement bulk storage. "That way he could buy his own, keep the product and be his own master," Randy Thompson explained.

Another step was taken during the second generation of leadership. Jim Thompson, son of Lloyd and Dortha, expanded from selling propane appliances, which was a good driver of propane demand, to also marketing electric washing machines and refrigerators. "Up until I joined the company in the late 1990s, the revenue came more from appliances than from propane," Randy Thompson said.

Under the leadership of Jim Thompson, the company also made its first acquisition in 1982, buying a small local business that only handled cylinders, had no bulk storage and purchased its propane from ThompsonGas. Thompson recalled, "Eventually they came to my father and said, 'Why don't you buy our business?'"

The number of acquisitions quickly accelerated when the third generation of leadership took over. In 1996, with Randy Thompson at the helm, the company made its first geographic expansion by acquiring a company in Pennsylvania. This doubled the size of ThompsonGas and made it a multi-branch company.

"I knew this would be the first of many acquisitions for the company," Thompson said. "You can't be in two places at once, so you need strong leadership and people you can trust. I knew I would need to grow the business exponentially to attract talent."

In the 25 years since, the Thompson family appliance business would eventually go away, but the propane business would remain and continue to grow. During that period, ThompsonGas has acquired another 45 propane retailers, with more than half of those acquisitions occuring in



Jim Thompson expanded from selling propane appliances to also marketing electric washing machines and refrigerators. He is shown here inside the original store in Boonsboro, Maryland.

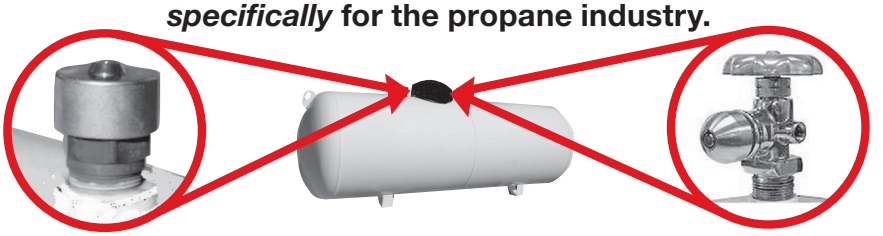


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the past five years, and has successfully established its presence as a national propane retailer. Thompson attributes the company's success to three things:

1. Many propane retailers are now transitioning to third-generation owners who don't want to be involved in propane.
2. Many smaller propane retailers are concerned about the future of the industry due to the anti-fossil fuel, "electrify everything" movement.
3. Some propane businesses are just an ancillary part of a larger corporation, and that company may decide to focus on other things.



Today, in its 75th year, ThompsonGas serves hundreds of communities in 22 states across the country. Pictured: Bobtails lined up in the lot at the Boonsboro branch office in 2019.

In each of these cases, selling is a way to exit the business. ThompsonGas works with the owners and offers a variety of ways to make the transition. "We pride ourselves on being flexible," Thompson said. "Because we are a private company, we can do for sellers what public companies can't do."

"We keep the company after it's acquired and weave it into the ThompsonGas culture," Thompson explained. "That's the key to building an enduring company."

AN ENDURING COMPANY

Today, in its 75th year, the company is focusing on additional projects that will help it withstand the challenges to come. The company is now led by Jeff Kerns, a 25-year company veteran who was appointed chief executive officer in 2018. Randy Thompson is now a senior advisor to ThompsonGas LLC and is past chairman of the National Propane Gas Association (NPGA).

One of the company's current projects is the Green Gas Initiative. ThompsonGas founded this to educate communities about clean energy and the solutions provided by propane. The company also will embrace the unified environmental messaging campaign that is now being developed by NPGA and the Propane Education & Research Council (PERC).

"We're sensitive to the environment and focused on renewables," Thompson said. "In some states, you can't get a seat at the table unless you claim a renewable element."

Another goal is increasing the market share of propane. Here, one opportunity is adding the tried-and-true gas water heater to homes where a propane company already has a tank on the premises for another appliance. "A water heater is going to use a known amount of propane, and the company has already made the investment in the tank," Thompson said.

Another area for growth is motor fuel. "Taxis, police cars, ambulances … any type of fleet or operation where an engine has to come back to a centralized location is the magic sauce for autogas," Thompson said.

ThompsonGas also continues to work to organically expand its base of loyal customers. Cultivating those customers who are new to propane is one way to do that.

"Certain companies have a mentality to grow by taking customers from others," Thompson said. "The only way to do that is with pricing, and if you do that, those customers will later leave you for pricing too. The customer who stays with you the longest is the one you cultivate from not having propane."

Doing what's right for customers is another way to build loyalty. "We constantly strive to do the right thing," Thompson explained. "That makes customers want to continue to do business with you." ■

Steve Relyea has written for B2B publications for more than 30 years. He has specialized in reporting on skilled trades, small businesses and entrepreneurs.

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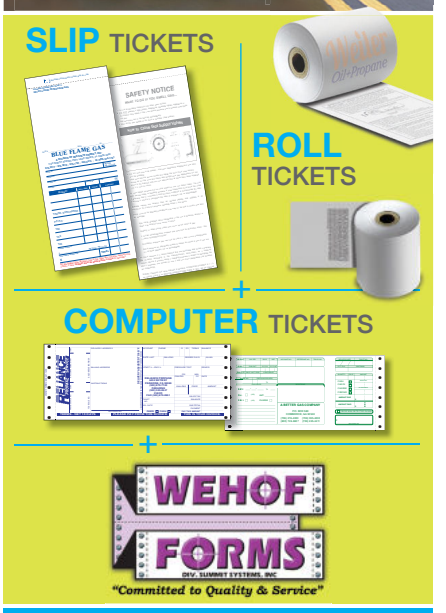
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ZHANAR GILIMOVA

WINLPG'S WOMAN OF THE YEAR IS A GLOBAL LEADER AND A CATALYST FOR GENDER EQUALITY

BY KAREN MASSMAN VANASDALE

Growing up in Atyrau, the energy capital of Kazakhstan, it was inevitable Zhanar Gilimova would have a career in the energy sector. But Gilimova, a strategy and commercial professional with more than 10 years of experience in the field, never set out to become a global leader in the energy sector working for Tengizchevroil LLP (TCO) and a role model for gender equality.

For her leadership, proven record of success and influence in the community, The Women in LPG Global Network, an initiative of the World LPG Association, named Gilimova the 2020 Woman of the Year.

At the age of 15, her parents sent Gilimova, the oldest of three, to school in England. She obtained a degree from the University of Manchester and then earned the equivalent of a master's degree from London School of Economics and Political Science.

"As long as I can remember, I loved studying and learning something new. I was always hungry for knowledge and was seriously considering becoming a scientist. On the other hand, I wanted to bring something good and meaningful to the world in any shape or form I could," Gilimova said. "It turned out to be not scientific research or some contribution to science, but managerial decisions and the consequences of those. I'm a practitioner, and I love the fact that I have a chance to work on meaningful and impactful projects."



Returning home to Kazakhstan, she joined TCO as a strategic planning consultant, a role which gave her a great overview of the company and industry. TCO is a joint venture, based in Kazakhstan, with 50% share and operatorship by Chevron, 25% by ExxonMobil, 20% by KazMunaiGas (the national company) and 5% by Lukoil. TCO is the largest producer of liquified propane gas (LPG) in Kazakhstan and the fourth largest in the Eurasian continent.

Quickly rising through the ranks in planning and commercial positions, Gilimova became LPG commercial manager, responsible for marketing, sales, trading strategy into export markets both onshore and offshore, and operations of 1.5 million metric tons of LPG produced by TCO. Her role also included supervising teams of traders in Russia and Kazakhstan. She was the youngest women in CIS countries with such a mandate and area of responsibility in a primarily male-dominated industry. An alumni of Chevron's Global Commercial Development Skills Program, Gilimova was instrumental in TCO changing its sales strategy and traditional markets. The company started supplying markets in Ukraine, Tajikistan and Russia, changed its ports strategy and has achieved strong positions in those markets in a short time. This diversified, consolidated and stabilized supplies of LPG to those markets and generated multimillion dollars in revenue.

During the COVID-19 pandemic, Gilimova was a key member of the team responsible for demobilizing personnel from the Tengiz field, and therefore, protecting 27,000 lives. "It certainly was the most challenging project I participated in, and the one I am most proud of. The sense of comradery we created during the demobilization project still stays with me," she said.

For her many accomplishments, she was awarded the prestigious "Honoured Professional in Oil and Gas Industry" and Jubilee Medal by the Kazakhstani government.

"I am very proud of the team I worked with, including my supervisors, mentors and peers. The LPG team consists of highly seasoned professionals. I learn a lot from each one of them and the sense of partnership and comaraderie we share and the support we get is something that helps us to face any challenge," she continued.

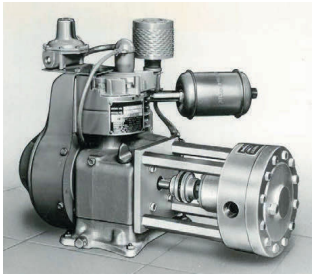
TCO embraces diversity and gender equality. In fact, Gilimova said she has always been supported — mentorship is the norm. She has two mentors at any one time and is also a mentor for others. "I have grown in an environment where people support each other and help each other to achieve their highest potential. It has been my privilege to work alongside of such professionals," she said.

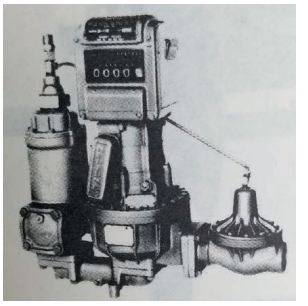
Becoming Woman of the Year and being recognized by colleagues worldwide was something Gilimova said she never expected. "We all just did our job the best way we can. But above all the recognitions I have gotten, I think this one is the only one that is very special to me, mainly because it promotes equality and diversity in the oil and gas industry," she said. ■

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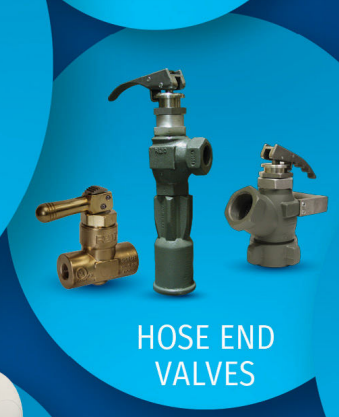
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