

## Congress wanting answers on propane price surge

By ROBERT PIERCE

• Leader & Times

While many homes inside of city limits across the country are heated with natural gas, many in rural areas rely on propane to keep warm against the chill of winter and to heat water and their stoves.

Propane is also used to power various vehicles, and a recent surge in the price of the fuel has some producers concerned about the market propane has in the U.S.

“It’s ridiculous, and it’s going to hurt,” said Nathan Chase, owner of Plains Gas Company in the small Meade County community. “It’s going to hurt everybody.”



As of Wednesday, Chase said the price of propane for his company was \$5 a gallon, the price quoted last Friday in Conway, a propane hub for the state of Kansas.

“Everything’s based off Conway,” he said.

Chase said this year’s propane prices have fluctuated frequently, something that is rarely seen.

“You could call in today, it might be \$4,” he said. “You call in tomorrow, it might be \$6.”

Chase said this creates problems for both producers and consumers.

“If you buy it at the wrong time, you’ve got a ton of money and a load of propane, and nobody can buy it,” he said. “Nobody can afford that.”

While the Conway price was quoted as high as \$5, prices in parts of Texas were quoted as low as \$1.50 per gallon, and Chase said in more northern parts of the country, the cost is even higher than that in Kansas.

“Somebody said up north, they were getting almost \$7 a gallon for the states that are getting hit hard,” he said. “Seven bucks is bad. I don’t know who would buy it for seven bucks.”

As for why the prices are changing so rapidly, Chase said leaders in the propane industry are blaming Mother Nature.

“The only thing they’re saying is the cold up north,” he said. “All the Midwest states up there, it’s so cold, and they haven’t got out of the deep freeze for forever. They’ve been there all the winter.”

Chase said he expects the roller coaster to continue through much of next month.

"I think, especially the second week or third week of February, I bet it drops just as fast as it goes up," he said. "If I go buy a load that costs me \$5 and two days later, it costs me \$2, that's \$3 difference on a 10,000-gallon load. You lost \$30,000. I can't do that."

Chase said he has taken harsh measures to protect against the effects of the ills of the propane market.

"I've shut everybody off," he said. "If you were calling me and you were a new customer, I'm telling you 'no.' I'm just going to keep my guys filled until it gets over with. I'm not taking on anybody new, and I'm not hauling very many gallons, 100 gallons at a time or the minimum I can get away with to get them by."

Chase said how long that supply of propane lasts in a home varies from house to house.

"Some houses, it'll last you a long time," he said. "The next house, it'll last you a month. I don't like this at all."

Plains Gas owns about 100 tanks in Meade and Seward counties, and Chase said he supplies propane to a few others in the area.

"I've probably about 150," he said. "I've got a few in Kismet, but the majority of mine's right over here."

Chase has been in the propane business since 1985, and he said he has never seen prices do what they have done this year.

"I've seen them do a lot of stuff, but I've never seen them do this," he said.

The Associated Press reported Sunday that U.S. Sen. Chuck Grassley, R-Iowa, sent a letter Thursday (Jan. 23) to the Federal Trade Commission asking for oversight of the propane market.

Grassley noted, as have many retailers, that the price for propane at Conway — one of two primary propane storage sites in the United States — has been significantly higher than the price at the other site, in Mont Belvieu, Texas.

“I request that the Federal Trade Commission remain vigilant in overseeing the propane market to prevent possible anti-competitive behavior or illegal manipulation, and to ensure that any supply shortages are not created artificially,” Grassley said in his letter.

A Missouri state lawmaker has asked that state’s attorney general to investigate the recent surge in propane prices, and in Wisconsin, Gov. Scott Walker called an emergency meeting with propane dealers and stakeholders.

EDITOR’S NOTE: See Kan. Gov. Sam Brownback’s reaction to propane prices and his proposals to help the less fortunate on PAGE 4.