

Madison – Governor Scott Walker today sent a letter to President Barack Obama urging his administration to establish and lead a propane supply chain working group to coordinate the movement of propane from where it is available to where it is needed in the United States.

"We have received great cooperation and assistance from the federal government on the propane shortage here in Wisconsin so far," said Governor Scott Walker. "As a follow-up to the steps we've already taken, I'm requesting a propane supply chain working group between the federal government, states, and the propane industry so we can work together on developing both short- and long-term strategies and the logistics of moving the propane supply through our states. Wisconsin stands ready to partner in this effort."

The propane supply chain working group could include members of President Obama's team, federal agencies, impacted states like Wisconsin, and those working in and with the propane industry.

The Governor listed supply, weather, and propane transportation infrastructure challenges that have resulted in extreme supply vulnerabilities not faced before as a major cause of concern. He said the prospect of any one thing going dramatically wrong in the supply chain would create the potential for a very serious supply crisis. He stated the leadership, assistance, and authority of the federal government is required and called for the working group to develop and implement a contingency plan for the logistics of moving propane in the event of a supply crisis.

"The people will be better served if we develop a contingency plan we never use than find ourselves in a crisis for which we had no plan," said Governor Walker.

The supply shortage in the upper Midwest has caused delivery delays and reduced delivery amounts for propane customers in Wisconsin, as well as all Midwestern states. The propane shortage has been caused by:

- Unusually cold winter temperatures
- A major pipeline supplying propane to Wisconsin, Minnesota, and Iowa was temporarily closed for maintenance from November 28 – December 18
- A wet fall increased propane demand for grain drying

Governor Walker and his administration have taken numerous steps to help alleviate the effects the shortage is having on the 250,000 residents who use propane to heat their home or business including:

- Governor Walker has issued multiple Executive Orders since October 25, 2013, allowing propane transport drivers to log additional hours to transport more propane. Typically, a propane driver can drive 70 hours per week based upon Wisconsin and federal laws. Several state petroleum terminals have not been able to meet the demands of their customers and are currently on a propane rationing system. The increased demand and limited regional supplies of propane means drivers are working more hours per day to obtain propane, causing drivers to reach maximum weekly driving and on-duty limits more quickly than normal. Carriers continue to remain responsible for ensuring they operate safely.
- On January 3, 2014, the Wisconsin Department of Transportation and the Department of Administration authorized a weight limit relief order for vehicles transporting energy in the state in order to increase the amount of propane carried in a single trip.
- At the request of Wisconsin and other Midwestern states, the U.S. Department of Transportation issued a Midwest regional declaration of emergency on January 19, 2014, extending state emergency declarations for purposes of exempting hours of service

requirements for propane and fuel transporters; and

- [Governor Walker issued a public service announcement on January 23, 2014](#), providing Wisconsin citizens with information about the current propane shortage in Wisconsin and asking their help in looking out for residents who are being impacted.

On January 29, 2014, Governor Scott Walker wrote a letter to President Barack Obama asking for the immediate release of the remaining Federal Fiscal Year (FFY) 2014 Low Income Home Energy Assistance Program (LIHEAP) allocations. On Thursday, January 30, the federal government released the funds requested by Governor Walker. The federal Department of Health and Human Services released the remaining FFY 2014 LIHEAP funding and yesterday, the State of Wisconsin received the remaining \$14.2 million dollars of the total \$103.1 million FFY 2014 allocation. Given the propane shortage that is deeply affecting Wisconsin residents, the Department of Administration preemptively released \$7 million of the \$14.2 million allocation to Wisconsin counties and tribes who administer the Wisconsin Home Energy Assistance Program (WHEAP).

- The Department of Administration's Division of Energy Services has contacted approximately 23,000 low-income propane customers recommending that they contact their propane vendor when their tank reaches 30% full to ensure they continue to have heating fuel and provided information on assistance available through the [Wisconsin Home Energy Assistance Program \(WHEAP\)](#).
- The Department of Administration's Division of Energy Services issued information to all of the local/partner contacts for [WHEAP](#) that outlines the benefits available to customers, including the availability of Crisis Benefit dollars to pay for lodging or temporary shelters.
- Wisconsin Emergency Management has contacted local emergency management directors to monitor warming sites and shelter availability.
- The [Keep Wisconsin Warm Fund \(KWWF\)](#) has agreed to temporarily allow an increase in their income limit for propane households from 60% of State Median Income (SMI) to 80% SMI, and will allow propane households to potentially receive an increased maximum benefit of \$600 and has temporarily adjusted their policy to allow propane households the ability to potentially receive two benefit payments in a year.

What Citizens Can Do

- 1. Call the non-emergency number of your local sheriff's department if you need the location of a local warming shelter or other local resources.** As always, call 911 for an emergency.
- 2. Check on friends, neighbors, and loved ones to ensure everyone has a warm place to stay.**
- 3. Call toll-free 1-866-HEATWIS (432-8947) for information about where you can purchase propane in your area, or to apply for assistance towards your propane heating bill.** You can also visit www.homeenergyplus.wi.gov about where to apply for heating assistance through the WHEAP program. Your local agency will determine eligibility for heating benefits based upon your household income, size, and the home's heating

costs. If you are eligible, the WHEAP program will make a payment directly to your fuel supplier towards the cost of your propane. These benefits are available through May 15, 2014. Your local agency will also determine if you are eligible for Crisis Benefits.

4. **If you go to a local warming shelter, turn off the water in your home and drain your pipes to ensure they pipes do not freeze in your absence.** If you are hesitant to use a shelter because you are afraid to leave a pet behind, please call your local warming shelter/human services agency as many warming shelters also offer pet shelter when an individual or family utilizes the shelter.

5. **Please donate to the Keep Wisconsin Warm Fund (KWWF) to help those impacted by the crisis.** Credit card donations accepted:
 -
 - a. Online at www.kwwf.org/donate
 - b. By calling KWWF at 608-333-0809



SCOTT WALKER
OFFICE OF THE GOVERNOR
STATE OF WISCONSIN

P.O. Box 7863
MADISON, WI 53707

February 1, 2014

The Honorable Barack Obama
President of the United States
The White House
1600 Pennsylvania Avenue
Washington, DC 20500

Dear Mr. President:

My own State of Wisconsin, along with other states in the country, continues to be impacted by the propane shortage. As you know, in Wisconsin, we began issuing Executive Orders to help alleviate the propane shortage, such as allowing drivers to carry more propane, back on October 25. Despite our great efforts, now, more than three months later, the situation has only become more concerning. On January 25, we issued a State of Emergency in response to the propane shortage and the continued extreme cold temperatures and forecasts. As we look ahead, even more needs to be done, and that is why I am writing you today.

Your Administration has been a partner in many of our efforts to date, such as the hours of service exemptions and expediting the LIHEAP funds, and we are grateful. The longer and more we work to resolve this propane crisis, the more we are finding that given how much this issue crosses state boundaries and regions, we need your Administration and its agencies to engage further and in a more active role. I am kindly asking your Administration to lead a propane supply chain working group. This group could be comprised of members from your team, federal agencies, impacted states like Wisconsin, and those working in and with the propane industry, with the immediate goal of developing a short-term strategy plan to deal with this propane shortage and any potential crises that may come yet this winter, as well as creating a longer term plan with supply strategy recommendations.

To put the propane situation in further context, our greatest concern is the potential for this situation to become a much more wide spread supply crisis in the coming weeks, wherein the lack of supply and/or logistics to move supply results in propane not being available at any price. Simply stated: over time we will recover from the economic impacts of this shortage, however, given the logistics of accessing and moving propane supplies in an emergency, we would not be able to move supplies fast enough to protect all our residents.

As background, the recent Energy Information Administration (EIA) reports were sobering. Reported propane stock in Conway, Kansas was at 10.2 million barrels as of January 17, 2014, compared to 5-10 year average inventory levels at this time of year of between 16-22 million barrels. The five-year rolling average is 18 million barrels. Current estimates show the stock could now be as low as 8.5 million barrels. Additionally, it is unclear how much of those 8.5 million barrels is actually usable.

EIA also reported the Cochin pipeline that brings propane from Canada into the upper Midwest has a 70,000 barrel per day capacity but is currently operating at only 50,000 barrels per day. This information regarding both Conway and Cochin clearly raises concerns about the available supply for the remainder of the heating season. Mount Belvieu, Texas has a propane supply, and while we are encouraged to hear that one pipeline may be reversed, the remaining pipelines between Mount Belvieu and Conway generally run north to south. This leaves only surface transportation options available to move product to the upper Midwest. With a finite number of rail cars and tanker trucks available, as well as winter storms continuing to impact road conditions, this too raises significant concerns.

Long-term weather forecasts for the upper Midwest site a 95 percent probability of below normal temperatures which would impact demand for propane. Furthermore, ice and snow storms across the Midwest are common this time of year and could well create additional barriers to utilizing tanker trucks to move supply north. On average, consistent above freezing temperatures do not arrive in the upper Midwest until March or April.

Last weekend there was an explosion on the TransCanada natural gas pipeline that threatened natural gas service in the western part of Wisconsin as well as Minnesota. While it is a different fuel source, it serves as a reminder that supplies from pipelines can be disrupted suddenly.

Taken together, we have supply, weather, and propane transportation infrastructure challenges that put our citizens very much at risk, and we are facing extreme vulnerabilities this year that we have not faced before. Candidly, at this time the prospect of any one thing going dramatically wrong in the supply chain opens us up to the potential of a very serious supply crisis. We have already witnessed supply chains being disrupted in other energy sectors and we cannot afford to have that happen with propane.

As states, we could attempt to develop our own contingency plans. It would be a duplication of effort and we could end up at cross purposes. An effective effort must be at least regional, and more likely national. Developing and implementing a contingency plan for the logistics of moving massive amounts of propane in a crisis from where it is available in the United States to where it is needed would require the leadership, assistance, and authority of the federal government.

I hope you will promptly consider my request so that we may ensure strong collaboration between governments and across the states resulting in workable short and long-term strategies that would overcome any propane situation. Time is of the essence - the net result of delay is risk of human life, businesses being closed, and citizens in our state being unable to occupy their homes, potentially for an extended period of time. We stand ready to work with you and appreciate your consideration.

Sincerely,



Scott Walker
Governor



SCOTT WALKER

OFFICE OF THE GOVERNOR

FOR IMMEDIATE RELEASE

February 1, 2014

Contact: Tom Evenson, (608) 267-7303

Governor Scott Walker Calls on President Barack Obama to Establish Propane Supply Chain Working Group

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A copy of Governor Walker's letter to President Obama is attached.

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