

OFFICE OF THE GOVERNOR
STATE OF MONTANA

STEVE BULLOCK
GOVERNOR



JOHN WALSH
LT. GOVERNOR

February 6, 2014

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

Dear Mr. President:

I write to express my profound concern regarding propane supply and prices in Montana. We have seen recent reports of prices rising in excess of \$5 per gallon, up from under \$2 per gallon just last year—a burden disproportionately affecting rural, low and middle-income Montanans. Twelve to thirteen percent of Montana households are heated by propane. Many of these families already struggle with the expense of heating bills during the cold winter season in Montana. The recent price surge has created an additional undue economic burden on—and safety risk for—thousands of low and middle-income households across the state who rely on propane to heat their homes.

To combat the detrimental effects of high propane prices in the midst of an exceptionally cold Montana winter, I have authorized a one-time-only 25 percent increase in benefits for Low Income Energy Assistance Plan (LIEAP) households whose primary heating fuel is propane. This will result in an average additional benefit of \$221 for Montana households which can be used to fill up their tanks as we continue to experience cold temperatures and high propane prices. I have also issued an Executive Order declaring a state of energy emergency and temporarily suspending hours of service regulations as they relate to the commercial transportation of propane under Montana law. Finally, I have implemented an Energy Emergency Monitoring Plan, led by Montana's Department of Environmental Quality Energy Assurance team, to closely track propane supplies and prices throughout the state.

I want to thank you for your actions last week authorizing the release of an additional \$454 million to support LIEAP programs. I also want to ask your Administration for a few critical measures to help the many Montanans struggling to keep their homes warm.

First, I ask that your Administration lead a propane supply chain working group to coordinate the movement of propane from where it is available to where it is needed most in the United States. The group would be comprised of members of your Administration, federal agencies, those working in and with the propane industry, as well as representatives from impacted states like Montana. The group's objective would be to analyze the rising prices and propane shortages, develop a short-term strategy to deal with the shortage, and look at a long-term plan with supply strategy recommendations.

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I also ask that the U.S. Department of Transportation continue the exemption to the hours-of-service regulations for transporting propane. Propane suppliers do not need additional obstacles as they transport supplies from areas not facing shortages to those states that are. I urge that the exemption of hours-of-service regulations remain in effect for as long as may be necessary to address the crisis.

Third, I urge you to investigate current propane market forces and consider exercising your authority outlined in 42 U.S.C. § 6212 to ensure a sufficient domestic supply. While propane production during the past four years has kept pace with increased shipments of propane from the United States, there are concerns that over the past year these shipments have begun to outpace increases in production.

Finally, I ask that the Federal Trade Commission (FTC) continue monitoring these recent price increases in wholesale propane and ensure no anti-competitive behavior and illegal price manipulation occur.

I appreciate your prompt attention to the requests I have outlined on behalf of Montana families struggling during this cold winter.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Bullock", with a horizontal line above it.

STEVE BULLOCK
Governor