



DegreeDays

News from the Virginia Propane Gas Association

2022 State of the Industry: Propane Retailers Face Raging Forces

By Brian Richesson, Editor-in -Chief, *LP Gas Magazine*



Photo of propane tank fill by Kristin Schmit/Heartland Co-op

A global pandemic presented a historic challenge for propane industry businesses, but in the nearly three years since retailers turned their attention to heightened health and safety measures in response to a novel coronavirus, they now face a host of economic factors impacting their daily operations.

This year, propane marketers managed more pressures on business operations than usual. (Photo: Kristin Schmit/Heartland Co-op)

Where once propane retailers could focus on a select few issues while steering their businesses forward, the to-do list seems to have grown. And these aren't small-ticket items either. Atop that list of issues to overcome are inflation, labor strife and supply chain breakdowns, all while trying to keep a keen oversight of the other integral processes involved in delivering propane safely to end-use customers.

"You're getting hit from all sides," says Trent Hampton, CEO of Lakes Gas.

Running a propane business in "normal" times is hard enough. But account for the challenges created in part by the COVID-19 shutdowns, including shocks to the U.S. economy and supply-and-demand imbalances, and retailers are facing another animal in today's propane industry.

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Save The Date!

SPRING MEETING

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Join us in historic Colonial Williamsburg for the 2023 Spring Meeting. More details to come early next year, with room reservations and meeting registration to launch in mid-late January. We look forward to a great meeting to kick off the new year!

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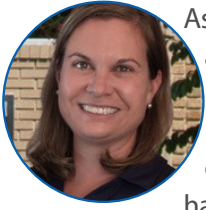
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President's Message



As we prepare for the start of another year, and another General Assembly session, I wanted to take a moment to reiterate the importance of getting to know your local officials. We were extremely fortunate to have Delegate Chris Head join us in Roanoke for the 2022 Fall Meeting and offer some key insight into the upcoming 2023 Virginia House & Senate Elections. To use his phrase, we will see a "cataclysmic change" in our state with the Supreme Court redistricting.

We have consistently heard it from our lobbyist, Mike O'Connor, we heard it last year in Lynchburg from Delegate Kathy Byron, and now from Delegate Chris Head—there is nothing more important than getting out in front of your local officials. I recognize that it is not easy; and for some, you may not even know where to start. If you are looking for some talking points or even to learn whom you should contact, please reach out. Many committee chairs have worked tirelessly over the last several years to make this task less overwhelming. Please feel free to email me, Elizabeth McCormick with the Government Affairs Committee, or John Phillips who is the Chair of VPAC, our political action

committee. If you are willing to get involved, we are more than happy to point you in the right direction.

While we have yet to receive approval from the State Capitol, this coming February we are tentatively planning to set up an outdoor hotdog/hamburger luncheon (powered by propane!) to get in front of our legislators while they are in session. More information to come on this, but it is outreach events like this which can make all the difference in the legislative process.

Behind the scenes, the Board has been working to solidify plans for the upcoming year by confirming meeting locations and reviewing contracts. While hotel locations are exciting, I am also thrilled to announce that Dennis Cruise has agreed to three more years of being VAPGA Safety & Training Coordinator. I would like to think I can speak for the majority in how much we appreciate Dennis and his expertise, and what a blessing he has been to our great organization.

I hope you all continue to count your blessings during this busy holiday season, and we'll see everyone next year!

Meghan Kuliniski, 2022-2023 President

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Executive Director's Message



Beware the Watermelon!

Admittedly, the world of business clichés can be a vast and annoying place. A world where clear, effective communication seems to be brushed aside in favor of a series of unintelligible buzzwords and catchphrases. However, every so often, I stumble upon a piece of corporate jargon which actually does seem to carry some real-world utility. I recently had such an experience while attending an event with the COO of the Federal Reserve Bank of Richmond, who talked about the idea of “avoiding the watermelon.”

Perhaps some of you reading this are familiar with the analogy, but it was new to me, and I found myself intrigued. The idea of “the watermelon” can be understood quite literally. Picture a watermelon. It is green on the outside, but red on the inside. From a business or organizational lens, it is this idea of something that looks good (green) from the surface but is actually failing or subpar (red) at its core. This can be applied to anything from project management to new technology implementation, or even vendor, customer, or employee feedback.

This “watermelon effect” as it is sometimes described, can have huge implications for organizations. In an effort to look good, organizations often overlook the true goal of being good. Think of your own company. How do you measure success? Are you using the correct metrics to measure success? Do your employees and leadership measure success the same way? Think of some of your key metrics or performance indicators, are they actually a good indicator of organizational success or are they just measuring the surface level?

“Watermelon projects” are another useful way to think of this analogy. Whether we are willing to admit it or not, we have all likely been involved with one of these. They are those projects which may appear successful or on-track at the surface but have some significant issues below the surface. Maybe the project is behind schedule, but the person responsible for it will not ask for help and internally thinks they can recover. Or perhaps a new initiative is simply not working, and no one is willing to be honest and upfront with leadership—after all, there is a lot of perceived personal risk in acknowledging you are managing a failing project. Identifying these types of projects is no easy task, and sometimes you simply need to smash the watermelon to see what’s truly going on.



At its most basic form, this idea of “avoiding the watermelon” is simply about looking below the surface. In a world where data analytics, KPIs, and constructive feedback are all the rage, make sure you and your organization are thinking critically about what those things actually mean. As we head into a new year, I hope you find this topic ripe (zing!) for discussion with your own company—and remember that watermelons are best left for the company picnic.

Zach Eisenman, Executive Director



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LobbyistUpdate

Statewide, the Commonwealth of Virginia today may well have some of the most polarized political views in the nation—generally pitting the urban areas along Interstate 95 (from Alexandria to Petersburg and east towards Hampton Roads) against the remainder of the state (primarily rural areas). In the wake of the backlash from the election of Donald Trump in 2016, the Virginia General Assembly went from Republican control to one-party rule by the Democrats in short order. Unsurprisingly, Democrats used their new-found power to pass the Clean Economy Act, which sought to mirror California's Clean Car Act mandating all VA new vehicles to be electric by 2036 and further empowering the electrify everything movement. In less than three years the Old Dominion went from what many considered the northernmost Southern state to the southernmost Northern state.

2023 will bring General Assembly elections that will determine the Commonwealth's path forward for at least a generation. For the first time in our history, all 140 members of the General Assembly will be running in districts not drawn by politicians but established by the Virginia Supreme Court. The Senate presently has a one-



seat Democratic majority while the House has a two-seat Republican majority—the margins are thin on both sides.

As we have seen in the past few years, the environmental lobby will spend whatever it takes in campaign contributions to support its candidates. One group, Clean Virginia, has directed over \$6.1 million in contributions in the last 3 years—99.5% percent to one party. The Virginia League of Conservation, which uses a loophole in the law to hide the names of its contributors, has given over \$2.8 million during the same period—99.99% to members of one party.

So, what is at stake? Beginning in 2024, potentially everything. Should allies of the electrification movement gain control, we will almost certainly see successful bills to eliminate the use of any type of fossil fuels for home

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Make a PAC Donation Today!



The mission of VAPGA's PAC is to distribute contributions to candidates for the state legislature who, by their acts, demonstrate support of the propane industry and the private enterprise system. Your donations help VAPGA gain visibility and leverage access to promote our industry. Now more than ever, we need your support to combat the electrification and fuel ban efforts that threaten our industry. Please consider making a donation to the PAC today.

If you'd like to make an investment in the future of Virginia's propane industry, contact [Zach Eisenman](#), Executive Director, or [John Phillips](#), VPAC Committee Chair.

In addition to PAC donations, please let us know if you would be interested in hosting and/or meeting with a legislator this fall.

Thank You for Your Generous 2022 PAC Donations

These donations are made in addition to the donations accessed at dues billing

AmeriGas – Cynthia Hamlet \$100

Bergquist – Trent Johnson \$250

Elite Power & Energy Corp. – Kelly Tidwell \$1,000

Hiltz Propane Systems – Todd Haberstroh \$500

Marshall Excelsior – Kenneth Dubay \$500

NGL Supply Terminals – Thomas Krupa \$500

Rockingham Petroleum Cooperative –
Josh Stephens \$1,000

Valley Energy Company – Meghan Kulinski \$500

Lobbyist Update, *continued from page 6* >

comfort and transportation. We are already seeing these in neighboring states, such as Maryland. While it is unlikely that any of these proposals would be looked on favorably by Governor Youngkin, it is important to remember he is limited to one term and another Governor will be elected in 2025.

What can you do? Over the coming year, VAPGA will be soliciting donations for its political action committee (VPAC) and we urge you to consider contributing to support our cause. While we will never come close to matching the contributions from the electrification lobby and those who seek to eliminate propane, VPAC's contributions are targeted specifically at those legislators who value the industry, consumer choice, and the important role that small businesses play across the Commonwealth. Every amount helps fund our fight for propane.

During next year's election season, it will be time to think outside of the box—to look at ideas with no cost associated beyond the time invested. How many vendors, employees, local business organizations, and others in your sphere of influence are aware of the candidate's positions on the issues—particularly how they will impact your ability to compete or even exist in the future? How many visible pieces of property do you own where you could put a sign supporting someone who understands the importance of a locally based small business? The legislative challenges ahead will require both preparation and action by all members. Whether you can donate your time, talents, or treasure, we must all be on the same page and be prepared to go on the offensive to support our industry.

Mike O'Connor
VAPGA Lobbyist



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State of the Industry, continued from page 1 >

"It's one of those situations where people who are good at what they do and managing their companies sometimes excel during the times when things are challenging and prove their worth," says Hampton, recognizing Lakes Gas' own managers who have proven themselves during the difficult times.

Issues at Hand

Hampton isn't alone when he says the "costs of everything," including diesel, have risen significantly.

Average U.S. gasoline and diesel prices shot up in March following Russia's invasion of Ukraine and set new record highs in June – at about \$5.02 for regular unleaded gasoline and about \$5.82 for diesel, according to AAA. The rising fuel prices this year gave propane industry leaders a chance to promote the cost benefits of fueling fleet vehicles with autogas.

"The costs associated with doing business in our industry are escalating, including the investments in storage at the customer site. So that has been quite a challenge," says Stuart Weidie, president and CEO of Blossman Gas and chairman of the Propane Education & Research Council (PERC).

Some of the industry's largest companies acknowledged the year's challenges in their fiscal reports.

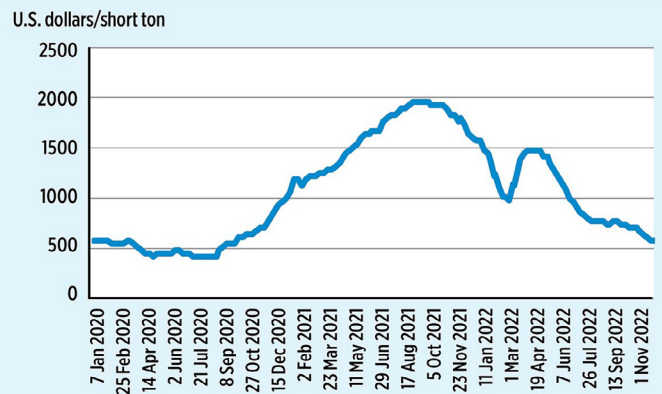
"Despite a challenging operating environment resulting from a warm and inconsistent weather pattern, historically high commodity prices and inflationary factors impacting expenses, we were able to effectively manage margins and expenses," says Michael Stivala, president and CEO of Suburban Propane.

Superior Plus Corp., with operations in Canada and the U.S., notes the "increased wholesale commodity costs, fuel costs, labor costs and other costs impacted by inflation" that it worked to overcome. Ferrellgas references "inflationary costs for material and other commodities, such as steel used in tanks."

The price of steel reached historical highs in late 2021 and early 2022 before retreating later in the year. Citing rising costs of raw materials and challenges in the transportation and labor markets, tank manufacturers Manchester Tank and Worthington Industries announced price increases in the spring – from 8 to 15 percent depending on the product at Manchester to 10 percent on steel portable LPG cylinders at Worthington.

Time will tell whether propane tank prices subside, says Weidie, whose concern lies in the future of the industry.

U.S. Midwest domestic hot-rolled coil steel prices



Source: Argus Media Group

U.S. steel prices spiked in late 2021 and have since retreated. Volatile raw material costs have contributed to the higher cost of propane tanks.

"I would hope that never slows down the opportunities for growth in our industry – the investment that's required to get a new customer," he says.

Storage container costs have collided with retailers' struggles to acquire the needed equipment for their operations, as supply chain inconsistencies have proven to be another impediment to doing business. Retailers reported to LP Gas supply disruptions on propane cylinders, notably 20-pounders and forklift bottles, as well as with other equipment such as parts and fittings.

"We're reutilizing equipment we've already got; we're buying used equipment and refurbishing it; and as far as parts and fittings, we're trying to order before [we] need it," says Matt Drennen, propane division manager at O.E. Meyer.

Adds Donna Howay-Germond, director of supply chain management at Paraco Gas, "We took second and third vendors and started utilizing companies we may not have used before. We started to really look at everything and challenge the way we [operate] so that we began to be more proactive versus reactive to the issues."

Employees Needed

The ongoing challenge of finding employees to fill open positions is also among the industry's chief concerns.

"Our company has more employees than we've ever had," says Weidie, citing 1,000 at Blossman Gas, "but we have more openings than we've had ever because of the opportunities for growth."

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Filling the open positions, most notably for service technicians and delivery drivers, is the only obstacle keeping the company from “tremendous growth,” Weidie says.

Blossman Gas has engaged its local managers to work within the communities, find quality candidates “and show them what a great industry it is that they can make a really great living,” Weidie says. “They don’t have to sit behind a desk all day at a computer, and they can be out and about talking to people.”

While most propane industry leaders agree that attracting and retaining employees continues to hamper businesses, LP Gas has learned about some of the methods used by retailers to address their workforce challenges.

DCC Propane implemented an employee referral program to assist with recruiting efforts, explains COO Ron Snyder during this year’s LP Gas Growth Summit. Sharp Energy has targeted driver training schools and tech schools, adds director Steve Farkas, while Pacific States Petroleum adopted an employee stock ownership plan.

“Every employee became a 100 percent owner of the company,” says Jason Edwards, general manager of propane operations at Pacific States Petroleum.

An LP Gas wage and benefits survey this year also found that nearly 90 percent of propane retailer respondents have raised employee wages – by 12 percent on average during a two-year time frame. A quarter of the respondents are providing more paid time off, while slightly less are offering flexible hours or increased health care coverage.

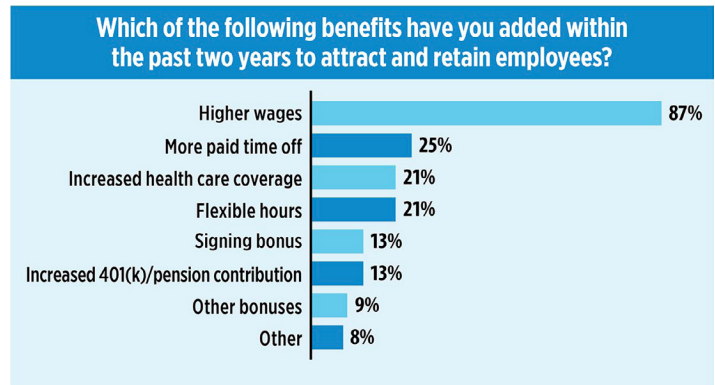
San Isabel Services Propane even offers a four-day workweek.

“We’re just trying to make sure that we maintain the integrity of the business and make sure people are happy,” says Cathy Wallace, general manager and owner of the Colorado company.

Apprenticeship programs have gained traction as well. The National Propane Gas Association (NPGA), in collaboration with PERC and the Department of Labor, offers such a program for job seekers – for service technicians and commercial drivers – while companies such as Blossman Gas and ThompsonGas have launched their own apprenticeship programs.

Meanwhile, PERC has placed a strong emphasis on workforce development and has produced tools for businesses and communities.

Council efforts include instructional webinars, school outreach kits and the promotion of regional and state



Source: 2022 LP Gas wage and benefits survey

The vast majority of propane marketers that responded to LP Gas’ wage and benefits survey reported raising wages to attract and retain employees in 2022.

association job boards. Its development of grant and scholarship programs helps get propane front and center in technical schools and community colleges.

Weidie says it’s imperative that propane industry stakeholders work together to share the resources available for propane retailers.

“We as an industry need to do a better job coordinating between PERC, who’s providing tools and methods, NPGA and the state associations to educate, particularly, the independents in our industry on how to go out and find people to serve in their companies, to serve their customers,” he says.

Power structure

Retailers are spending sleepless nights “trying to figure out how to crack the code” on the issues facing their businesses, says Snyder of DCC Propane.

While absorbing the economic forces on one side, the propane industry continues to defend against attacks on the other, often by policymakers and regulators thwarting gas in new mandates favoring electrification.

“The electrification of everything is a real movement,” Weidie says. “It is truly a threat.”

Hoping favorable results in the midterm election might stave off threats to propane in the coming years, some industry members might have lost sleep on Nov. 8 awaiting the outcomes of national and state races.

Republicans gained control of the U.S. House of Representatives, though by a slimmer majority than expected, with the victories providing more balance of

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Pre-employment Investigations for Drug and Alcohol Program Violations

Beginning January 6, 2023, a pre-employment Clearinghouse query will satisfy the requirement to investigate a prospective driver's previous drug and alcohol program violations, as established by 49 CFR 391.23(e).

Employers of CDL drivers are required to conduct background investigations before hiring a driver. This process includes determining if the driver has violated the drug and alcohol regulations of any Department of Transportation (DOT) mode within the past three years (see 49 CFR 391.23(e)). Currently, this requires employers or their designated consortia/third-party administrators (C/TPAs) to conduct both electronic queries in the Clearinghouse and manual inquiries with previous employers to meet the three-year time frame.

Beginning January 6, 2023, when three years of violation data is stored in the Clearinghouse, prospective employers must not conduct manual inquiries. In accordance with §§ 382.413(b) and 391.23(e)(4), beginning January 6, 2023, prospective employers must conduct a pre-employment query of the Clearinghouse, as set forth in § 382.701(a), to comply with the inquiry requirement in § 391.23(e) as it pertains to FMCSA-regulated employers.

NOTE: The Clearinghouse contains only information about drivers employed by FMCSA-regulated employers. If a prospective employee was employed by an employer regulated by a DOT agency other than FMCSA (such as the Federal Railroad Administration, Federal Transit Administration, Federal Aviation Administration, etc.) during the three-year time frame, prospective employers will still be required to directly request drug and alcohol violation information from those DOT-regulated employers in accordance with 391.23(e)(4)(ii), since this information is not reported to the Clearinghouse.

Annual query requirements have not changed.

Employers of CDL drivers must conduct a query in the Clearinghouse at least once a year for each CDL driver they employ (see § 382.701(b)). This annual query requirement applies on a rolling 12-month basis, which means that if you conducted your last annual queries in December 2021, it is time to conduct the next round of annual queries.

Employers must obtain general consent from CDL drivers they employ before conducting limited queries in the Clearinghouse to view these drivers' information (you can download a sample limited query consent form).



Are you up-to-date on your annual queries?

Log in to the Clearinghouse and visit your Query History page to see if your annual queries are due. For instructions on conducting annual queries, download the How to Conduct a Limited Query job aid.

2023 Training

As the membership continues working through the busy winter season, I'm working to prepare for the 2023 training season—which will be here before I know it. The decision has been made to return to the pre-COVID training format that utilizes central locations for classes and a published schedule that will be distributed by Mid-March. This should allow ample time for personnel scheduling.

As we move away from individual requests for classes and return to predetermined scheduling, it will be even more important for members to communicate training needs. In addition to the basic classes offered, I plan to include installing Appliances and Interior Vapor Distribution Systems as well as placing these systems into operation. Please provide any additional training needs you have, and all efforts will be made to include them into the schedule for 2023.

Also, planning is underway to have the Bobtail Rodeo return in 2023. This has always been a well-attended program that combines training, skill, competition, and comradery for everyone who participates. More information will be given once plans are finalized and I will remind everyone, we need volunteers to assist with delivery of this event.

Please forward request or training ideas to me at propanetrainingservices@gmail.com or **Trent Johnson** at trent.johnson@bergquistinc.com.

Dennis Cruise
Safety & Training Coordinator

Brightpoint Community College Foundation Scholarship



On Friday, December 2, Immediate Past President **Colin Wood-Bradley** attended the 2022 Brightpoint Scholarship Celebration Luncheon on behalf of VAPGA. Last year, Colin helped lead the effort to revive the VAPGA Endowed Scholarship, which was originally endowed at the former John Tyler Community College in 1995. The scholarship had been dormant for many years, but this year it was awarded to Jack Anderson, a Mechanical Engineering major from Powhatan, VA who will be graduating next May.

Congrats to Jack and VAPGA looks forward to supporting many more qualified Brightpoint students in the future.

Additional information on the Brightpoint scholarship and the VAPGA Young Gassers scholarship will be sent out to the membership when those launch in early Spring.



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power in the federal government. No matter the results of a runoff election in Georgia, the Democrats retained control of a tight Senate.

“Thankfully we have a stopgap with the new House being Republican, and I think the threat for our industry as it relates to new legislation should drastically ease in the coming year or two,” says Michael Baker, NPGA’s vice president of federal legislative affairs, during an NPGA webinar about how national energy policy toward electrification might fare following the election.

In addition, Baker says, NPGA expects House Republicans “to come out swinging with big pieces of legislation to promote domestic energy production,” even if they aren’t likely to progress further, and to ramp up oversight activities on Democratic decisions made over the past couple of years.

However, the threat remains from federal agencies.

“I’m hopeful that the federal agencies will be a little more cautious in some of their actions,” says Steve Kaminski, president and CEO of NPGA, in assessing election outcomes. “Though, to be honest, I don’t think that’s going to happen.”

In preparation for what’s ahead, NPGA has restructured its advocacy initiatives into four pillars: federal legislative, federal regulatory, state/municipal, and codes and standards.

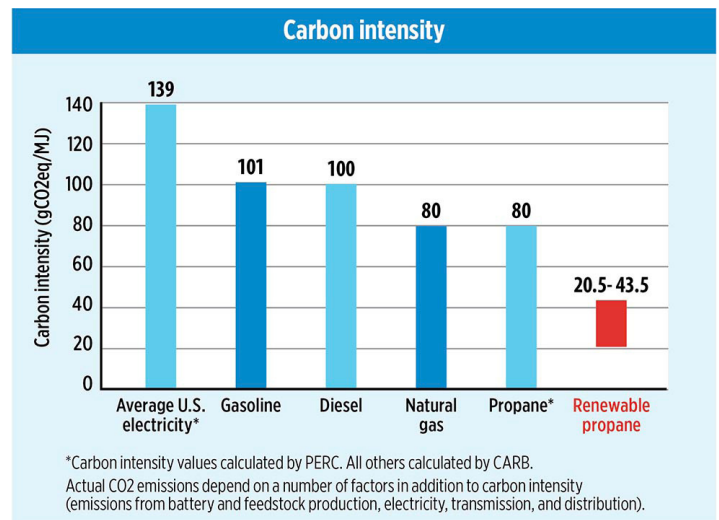
A divided House and Senate should slow federal legislative policy in the next term, echoes Kaminski, who expects the other areas to be “extremely active.”

“We’re going to see continued, very aggressive anti-gas policies coming out of the Department of Energy, coming out of the EPA,” he says. “We are in the thick of it right now with those agencies.”

In fact, Jeff Stewart, president of Blue Star Gas and chair-elect of NPGA, outlines threats from DOE concerning proposed regulations against the use of gas appliances, including residential furnaces, consumer and commercial water heaters, and other miscellaneous gas products and direct heating equipment.

In response, Stewart adds, NPGA is building coalitions, preparing for legal challenges and putting its new slate of advocacy team members – including Benjamin Nussdorf, Kate Gaziano and Thomas Ortiz – to work on a high-stakes assignment.

The action also being taken at the state/municipal levels and with codes and standards is no less important to the propane industry than what’s happening federally.



Source: PERC

Renewable propane gives the industry a direct response to the electrification movement and an answer to those who believe clean, conventional propane isn’t enough to earn it a place in the national energy conversation.

“A lot of policymakers are using codes and standards as backdoors to try to ban gas if they’re not able to get regulations or legislation passed in their states,” Kaminski says.

The Role of Renewables

The global LPG industry – and to some extent the propane industry in the U.S. – has joined the environmental transition as companies have launched their own renewable energy initiatives or partnered with others on projects.

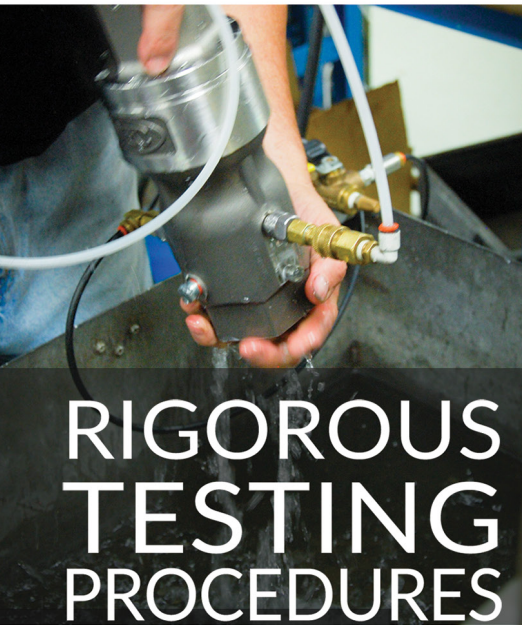
Even if renewable propane initiatives comprise a small fraction of the overall market, industry leaders view progress in this area as a direct response to the electrification movement and an answer to those who believe clean, conventional propane isn’t enough to earn it a seat at the table.

“I see the industry continuing to move toward the renewable space,” Kaminski says.

Just this year, Suburban Propane announced its involvement in several projects: launching a propane/renewable dimethyl ether (rDME) blend with Oberon Fuels, acquiring a stake in Independence Hydrogen and partnering with Adirondack Farms to produce renewable natural gas. Suburban also has partnered with U-Haul to offer renewable propane in California.

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> **State of the Industry**, continued from page 14

“The more renewable sources of energy we can handle – bring to markets – completes that story that we’re not solely focused on preserving the product that we’ve been handling for the past 95 years; we’re preserving the role of Suburban in the long-term energy slate,” says Stivala during the World LPG Association’s LPG Week in November. “That’s by handling multiple renewable products that can take our customers and local communities on a low-carbon journey, starting with LPG.”

A propane supplier (Ray Energy) and retailer (Proctor Gas) also celebrated their first loads of renewable propane in 2022, demonstrating how some established U.S. companies are beginning to realize a need to offer a lower-carbon product to customers.

For the market to develop, industry leaders say, other key segments also must realize the benefits. PERC commissioned a study by the U.S. Department of Energy’s National Renewable Energy Laboratory showing how biorefineries can increase their financial returns by selling renewable propane versus using it as a processing fuel or as a hydrogen feedstock.

“We need to get the consumers and those that manufacture the products that would use our product to really be the voice to support our message for advocacy,” Stivala adds about renewable propane.

Growing the Industry

Even with the challenging environment for propane businesses today, positives remain.

A new report by Frost & Sullivan on behalf of PERC shows U.S. retail odorized propane sales totaling 9.54 billion gallons in 2021, a slight year-over-year increase from the 9.44 billion gallons sold in 2020. Total sales for 2021 were 7.4 percent above the 10-year average of 8.9 billion gallons of odorized propane volumes per year.

The sales numbers reveal an industry that perseveres despite the threats and still provides a needed energy source for millions of customers every day. Kaminski recalls a conversation with a gentleman from Europe who expressed his amazement at the U.S. gallon sales numbers recorded today despite the headwinds.

“That’s a testament to NPGA, PERC and the states working well alongside the industry and keeping the industry extremely strong,” Kaminski says.

While NPGA’s work comes in the form of advocacy in Washington, D.C., and in statehouses across the country,

PERC works to identify users and uses of propane. The council, which approved a \$45.5 million budget for 2023, has focused on fewer but more impactful projects. Power generation applications and the development of a 6.7-liter Cummins propane engine (for 2024) are examples of that work.

But two other projects, approved at the November council meeting and totaling about \$20 million, highlight another key area for PERC and the industry: communicating the positive role that propane can play in the environmental transition at the national and state levels. Enter PERC’s integrated marketing and communications plan, totaling about \$13 million, and an environmental campaign and partnership with states program of \$5.4 million.

“For me, it’s about environmental thought leadership and trying to engage in the conversation,” says PERC President and CEO Tucker Perkins, a highly visible representative of the industry who carries propane’s messages to wide audience segments through speaking engagements, media interviews as well as his own podcast.

In building on the momentum of PERC’s “Energy for Everyone” brand identity that it launched in 2021, the latest strategy will rely on an aggressive approach that tells propane’s story and responds to the electrification movement that continues to gain momentum nationally.

“We need to address audiences beyond just propane country,” says Erin Hatcher, senior vice president of communications and marketing at PERC, describing a new function of the 2023 program and referencing “migrating millennials” and other Americans on the move as potentially new propane users.

With industry leaders focused on growth and attracting new customers; opportunities with renewables; and finding answers to the many challenges weighing on businesses today, the propane industry seems poised to find its way forward.

Sure, it has taken hits from all sides, as Lakes Gas’ Hampton acknowledged, but that hasn’t detracted from retailers’ ultimate goal.

“I’m very positive about where we’re headed and positive about the fact that we’ve been able to address those challenges, meet them and continue to provide good service to our customers,” he says.

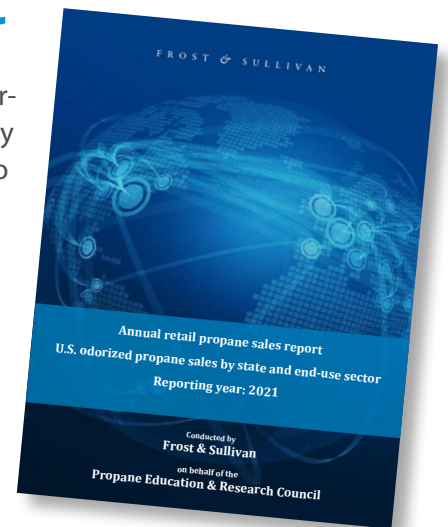
2021 Annual Retail Propane Sales Report

In 2021, U.S. retail (odorized) propane sales totaled 9.54 billion gallons, a 1.12% year-over-year increase from the 9.44 billion gallons sold in 2020. The U.S. primary energy consumption also increased from 93.13 quadrillion British Thermal Units (BTU) to about 97 quadrillion BTU during the same period.

Heightened commercial and industrial activities across the regions post-COVID-19 pandemic have played a crucial role in this recovery. Total sales for 2021 were 7.4% above the ten-year average of 8.9 billion gallons of odorized propane volumes per year.

Virginia ranked in the top-15 states in 2021 total retail propane sales, with 258 million gallons sold!

The full report is available for download [here](#).



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We are accepting advertising for the 2023 issues of *Degree Days*, the official publication of the Virginia Propane Gas Association. *Degree Days* will be published bi-monthly, starting in February, and advertising can be purchased for a full year or on a per-issue basis. With a reach of approximately 500 members and industry contacts, *Degree Days* is the best way to promote your products or services to Virginia's propane community.

Click [here](#) to access the **2023 Newsletter Advertising Contract**. It is also included in this newsletter on the last page. Complete the form and send it to the address provided. Contact **Lorraine Meade** at lorraine@eameetings.com for ad information or **Tami Rawlette** at tami@eameetings.com for payment information.

2022 Rebates

We still have a few remaining rebates for 2022: \$300 Safe Appliance Rebates and a limited number of \$2,500 Vehicle Autogas Rebates. These rebates will close by the end of the year. Once PERC funds for the 2023 rebate program have been received, we will send out new applications and information for the 2023 rebate program.

New for 2023, generators will be included in the safe appliance rebate program!

[\\$300 Safe Appliance Rebates](#)

30 remaining

[Vehicle Autogas Rebates](#)

4 remaining

Email **Tami Rawlette**

or call **804.241.2232**

for additional information or to request an application and pre-approval numbers.

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FMCSA Proposes More Restrictive Hours-of-Service Regulations

On December 8, the Federal Motor Carrier Safety Administration (FMCSA) proposed imposing additional limitations on Hours of Service (HOS) waivers in emergency declaration situations. Under the new proposed regulation, only HOS limits will be waived under these emergency declarations, not other safety regulations. Additionally, the proposed rule would limit the duration of the automatic regulatory relief for both intrastate and regional emergencies – the duration would be only five days, rather than 30 days. However, Presidential declarations of emergency would continue to trigger a 30-day exemption, and when a Governor declares a state of emergency due to a shortage of residential heating fuel, the automatic regulatory relief within that state lasts for a period of 30 days (and may be extended for up to two additional 30-day periods).

NPGA has immediately jumped into action, meeting with stakeholders and like-minded trade groups, setting a meeting with the FMCSA, and preparing a comment to the agency advocating against these changes, focused especially on opposing FMCSA's proposed language to shorten the duration of the exemptions. Because of the length of the regulatory process, in any circumstance, we do not expect this to impact this winter's heating season. While NPGA assesses our comprehensive strategy, we kindly request the industry channel any questions and suggestions to NPGA rather than FMCSA.

Separately, NPGA's Special Exemption Waiver is still pending with the agency. The proposed exemption would waive various hours-of-service (HOS) requirements to enable the propane industry to prepare and respond to peak periods of consumer demand. Questions? Contact NPGA Director, Regulatory Affairs & Associate General Counsel Kate Gaziano.

In Memoriam

Dave Bertelsen's grandson, Tyler Rosenthal, died in a car accident on December 11, 2022. Dave is a former NPGA Executive Committee member and PERC Counselor. A link to Tyler's obituary is [here](#).

Our deepest condolences to Dave's family.

Register Now for District Breakout Sessions

NPGA's district breakout sessions will take place via Zoom prior to the Marketers Meeting being held on Tuesday, January 31, in New Orleans.

All NPGA marketer members are welcome to attend these sessions to share any legislative or regulatory challenges and/or opportunities confronting the industry in your state. This open forum allows others within the district to learn of issues in neighboring states and share ideas and potential solutions based on their experience."

The District 7 (DE, MD, NJ, NY, PA, VA, and WV) Meeting will take place on Wednesday, January 11, 2023 at 11 am.

Register [here](#).

Join the Leadership in Energy Ambassadors Program

Rising leaders of the propane industry, please consider participating in PERC's inaugural Leadership in Energy Ambassadors program. The goal is to identify individuals across the country to engage in an educational program that will provide critical content, competency development, and tools to inspire our industry members to find their voice and become ambassadors for our energy in the national energy conversation, which is both dynamic and growing.

To be considered for this program, eligible individuals must:

1. Receive a nomination from their company owner or CEO
2. Submit an online application before January 15, 2023, [here](#)
3. Complete the pre-work assigned in the online learning center (about 2 hours)
4. Attend the Leadership in Energy Ambassadors Conference
5. Engage in post conference activities that will highlight propane's benefits in your community

The Leadership in Energy Ambassadors Conference will be held on March 28-29th in Sarasota, Florida.

Where Does Virginia's Electricity Come From, Anyway?

2021 Virginia Electric Power Generation Mix

Nuclear – 31.4%

Natural Gas – 58.1%

Coal – 3.4%

Petroleum – 0.3%

Hydroelectric – 1.4%

Non-hydro renewables (e.g., biomass, wind, utility-scale solar) – 5.9%

Carbon Dioxide Emissions from Electric Power Sector

27,575,000 metric tons | State rank – 26

Carbon Dioxide Intensity of Electric Power Sector

649 pounds per megawatt-hour (MWh) | State rank – 38

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