



July 23, 2014

Dear Iowa Ag Leaders,

As you are well aware, the critical propane energy issues that arose across the state this past winter had a significant negative impact on many Iowans. In order to try and avoid similar situations moving forward, there are opportunities for those of us in the agricultural community to take steps to even better prepare ourselves and our livelihoods.

Last fall and winter a number of events severely tested the capacity of our current propane delivery system and infrastructure. As a result, for much of the period from late October through March our State operated under multiple Hours of Service Waivers as outlined in the corresponding Emergency Declaration(s) by Governor Branstad.

It is important we continue to make efforts to avoid a reliance upon “Hours of Service Waivers” via emergency declarations.

In addition, there are some fundamental changes going on in the energy sector, and specifically regarding propane, that will continue to impact supplies in Iowa:

- On July 1, 2014, Kinder Morgan Partners MLP, reversed the Cochin Pipeline that once delivered Canadian propane to Iowa. This pipeline provided approximately 13% of Iowa’s annual use and 38% of Minnesota’s annual use.
- While the USA is now producing record amounts of natural gas liquids (NGL’s), energy companies are also exporting record amounts of propane from the Gulf of Mexico region.
- Increased rail movement of propane is challenging due to limited capacity and already high demand from other sectors.

Crop projections continue to suggest a record corn and soybean harvest in Iowa and the nation. With a large crop in Iowa and neighboring states, the demand for propane use for grain drying could be significant again this year.

In order to prepare for this fall and winter, I would ask you to consider reaching out to your farmer members and other partners in the agriculture community and encourage them to:

- Make sure propane supplies for grain drying, livestock facilities, homes and machine sheds are full going into the fall season.
- Take advantage of early buy/booking programs
- Consider expanding on-site capacity at facilities and homes.
- Communicate early and regularly with propane suppliers.

We will be working with the Iowa Propane Gas Association to encourage their membership to also consider additional storage capacity and other measures that can assist in meeting our energy demands.

Propane is an important energy source for Iowa producers, working together as partners will help to avoid situations like those last fall and winter.

Please feel free to contact my office should you have additional suggestions or ideas for us to consider in addressing this issue.

Sincerely,

A handwritten signature in cursive script that reads "Bill Northey". The signature is written in black ink and is positioned above the printed name and title.

Bill Northey
Iowa Secretary of Agriculture

Cc: Deb Grooms, Iowa Propane Gas Association