



Testimony SB 2242
House Energy and Natural Resources Committee
March 3, 2023

Chairman Porter and Members of the House Energy and Natural Resources Committee:

For the record, my name is Jarett Schatz. I would like to start by saying thank you to the committee for allowing me to speak on behalf of my propane company Tri-N Propane out of Minot. I also serve on the Board of Directors of the North Dakota Propane Gas Association. I appear today asking for a **"DO PASS"** recommendation on SB 2242.

This bill as amended in the Senate, calls for 15 million dollars of low interest revolving loan pool money using the (SIIF) Strategic Investment and Improvement Fund for the purpose of enhancing propane storage capacity for our state marketers. BND would administer the loan program. It allows a maximum loan of 500,000 dollars per marketer with 15% down payment from a retailer. The loan would carry a 2% interest rate with a 15 year payback period.

These loan guidelines will help us retain capital and save money on interest payments. That is huge for a small company like mine in a market where we have some of the tightest margins in the country as the graphs from the Energy Information Administration I have supplied in my testimony point out.

If you would refer to the cost analysis graph in my testimony, you can see pricing and cost comparison for different sized storage vessels I worked up with a regional vendor. A propane retailer could add up to (3) 30,000 gallon tanks to current bulk storage facility with the passage of SB 2242. Three 30,000 gallon tanks would be \$538,350 with 15% down \$80752.50 loan value would be \$457,597.50 for a quick scenario.

My company would be one of the first in line to secure funding from this bill. It will greatly reduce logistic problems as well as storage shortfall. Most importantly, it would offer marketers and our customers piece of mind that we will have the propane on hand for their growing needs. Personally, my business would be looking to borrow around \$300,000 to put in (2) 30,000 gallon tanks.

It would mean a lot to many propane retailers in the state. It would allow propane marketers to have more product on hand in times of peak demand like prolonged stretches of cold weather and the grain drying season.

Help our state propane marketers secure funding for our future expansion projects to ensure we give our customers the greatest service we can offer by having adequate storage for end users needs!

In closing I would like to again say thank you for allowing me the time to be a part of this great process while trying to stay ahead of industry issues for the state of North Dakota and its residents.

I ask for a DO PASS recommendation on SB 2242 and would be happy to stand for any questions.

Regards,
Jarett Schatz

PROJECT COST COMPARISON

Cost (each)

Tank Size	Tank Cost	Freight (Minor)	Foundation	Tank Trim	Piping	Pump Set & Transport BH	Crane	Excavation	Electrical	Install Labor	Total Each
30,000	\$ 108,000.00	\$ 4,200.00	\$ 7,850.00	\$ 8,800.00	\$ 1,200.00	\$ 28,000.00	\$ 3,900.00	\$ 2,500.00	\$ 5,000.00	\$ 10,000.00	\$179,450.00
45,000	\$ 167,500.00	\$ 7,500.00	\$ 8,250.00	\$ 18,000.00	\$ 1,200.00	\$ 28,000.00	\$ 7,800.00	\$ 5,000.00	\$ 5,000.00	\$ 11,000.00	\$259,250.00
60,000	\$ 204,000.00	\$ 15,900.00	\$ 8,250.00	\$ 18,000.00	\$ 2,000.00	\$ 28,000.00	\$ 4,000.00	\$ 5,000.00	\$ 8,000.00	\$ 12,000.00	\$305,150.00
90,000	\$ 312,000.00	\$ 21,900.00	\$ 10,200.00	\$ 18,000.00	\$ 2,000.00	\$ 28,000.00	\$ 13,000.00	\$ 5,000.00	\$ 8,000.00	\$ 14,000.00	\$432,100.00

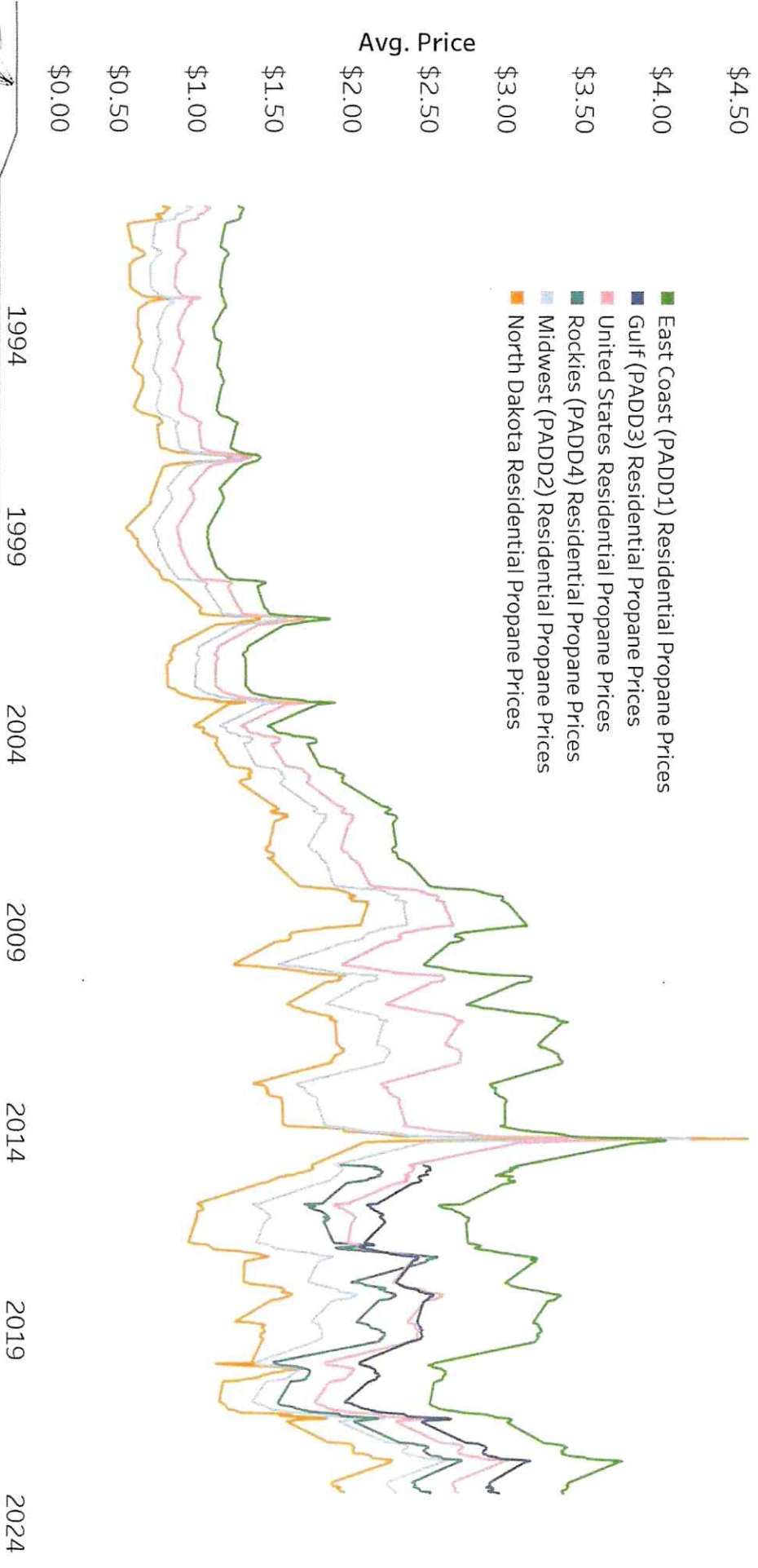
Multi-Container

Tank Size	# of Tanks	Target Gallon	\$ per gal
30,000	6	180,000	\$5.11
45,000	4	180,000	\$5.13
60,000	3	180,000	\$4.71
90,000	2	180,000	\$4.68

Adjusted Costs for Mutil Container install

Tank Size	Tank Cost	Freight (Minor)	Foundation	Tank Trim	Piping	Pump Set & Transport BH	Crane	Excavation	Electrical	Install Labor	Project Total
30,000	\$ 648,000.00	\$ 25,200.00	\$ 47,100.00	\$ 52,800.00	\$ 7,200.00	\$ 28,000.00	\$ 35,000.00	\$ 20,000.00	\$ 8,500.00	\$ 48,000.00	\$919,800.00
45,000	\$ 670,000.00	\$ 30,000.00	\$ 33,000.00	\$ 72,000.00	\$ 4,800.00	\$ 28,000.00	\$ 26,000.00	\$ 16,000.00	\$ 8,500.00	\$ 35,200.00	\$923,500.00
60,000	\$ 612,000.00	\$ 47,700.00	\$ 24,750.00	\$ 54,000.00	\$ 6,000.00	\$ 28,000.00	\$ 26,000.00	\$ 12,000.00	\$ 8,500.00	\$ 28,800.00	\$847,750.00
90,000	\$ 624,000.00	\$ 43,800.00	\$ 20,400.00	\$ 36,000.00	\$ 4,000.00	\$ 28,000.00	\$ 48,000.00	\$ 8,000.00	\$ 8,500.00	\$ 22,400.00	\$843,100.00

Residential Propane Prices Around the U.S. *



J.J. Kingstad - North Dakota Pipeline Authority

*Data Source: EIA

Residential – Wholesale Propane Price Spreads*

