



Testimony SB 2242  
Senate Energy & Natural Resources Committee- February 2, 2023

Chairman Patten and Members of the 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.

NDPGA has been studying and working towards some type of low interest loan program for enhancing retail storage for over a year now. Our propane committee has worked many hours getting this bill put together for this legislative session. I wish to thank Senator Erbele and all the bill sponsors for working with NDPGA. I also want to thank the Bank of ND and those NDPGA members who served on the propane storage bill committee for drafting sound language.

A **"DO PASS"** recommendation on this bill 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.

This bill as written calls for 50 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.

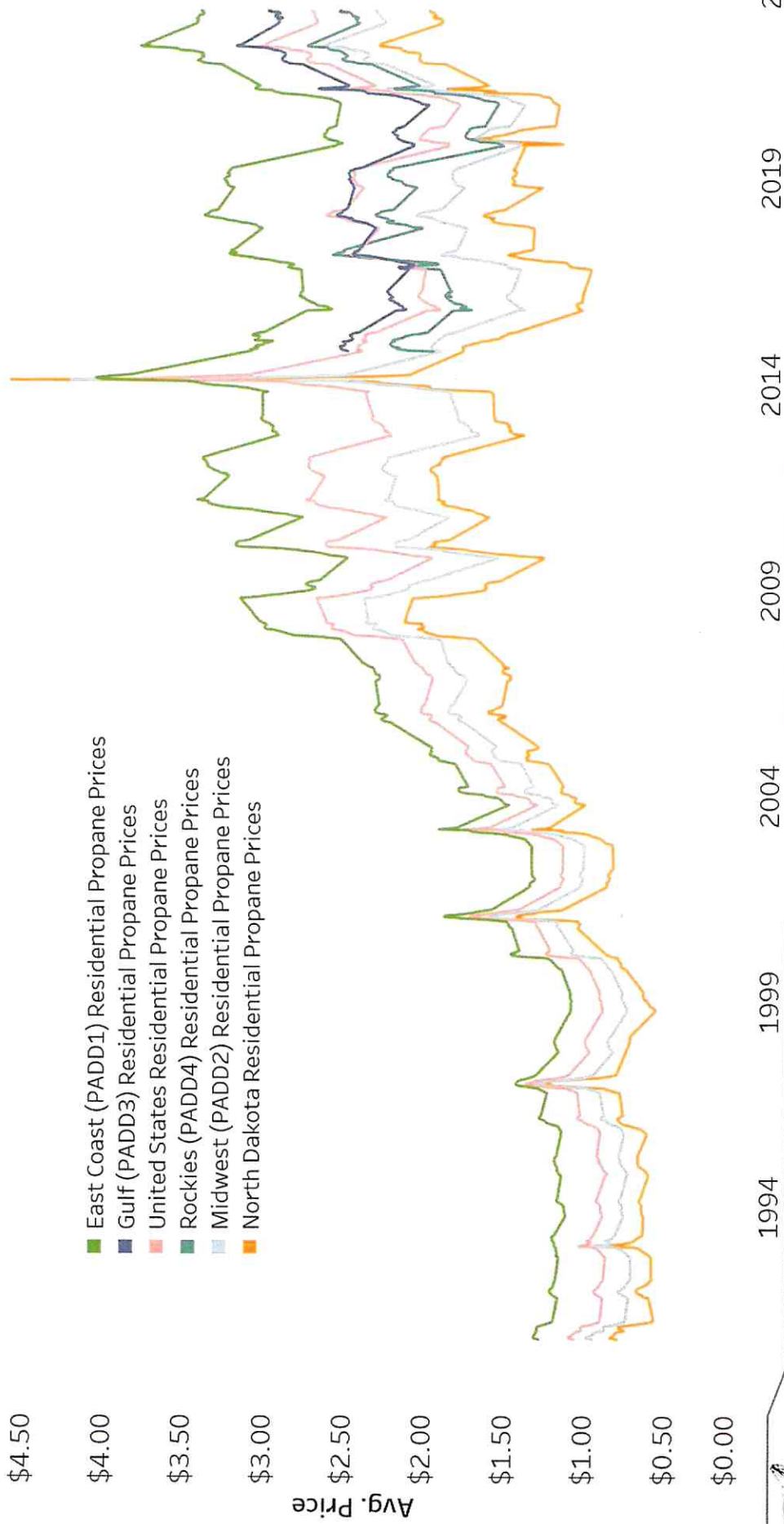
Again, I urge a "DO PASS" recommendation on SB 2242. Help our state propane marketers secure funding for our future expansion projects to ensure we give our customers the greatest service we can offer by having adequate storage for end users needs!

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.

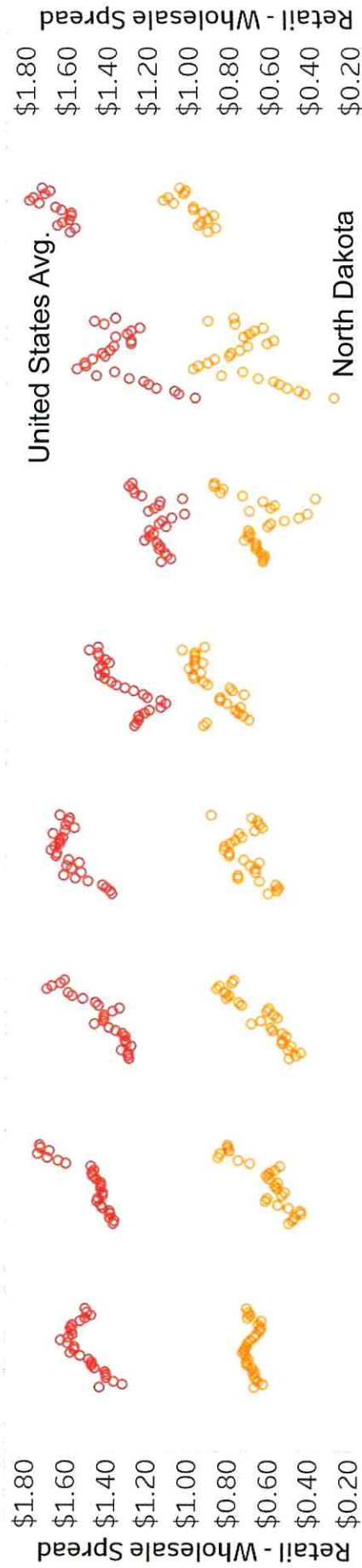
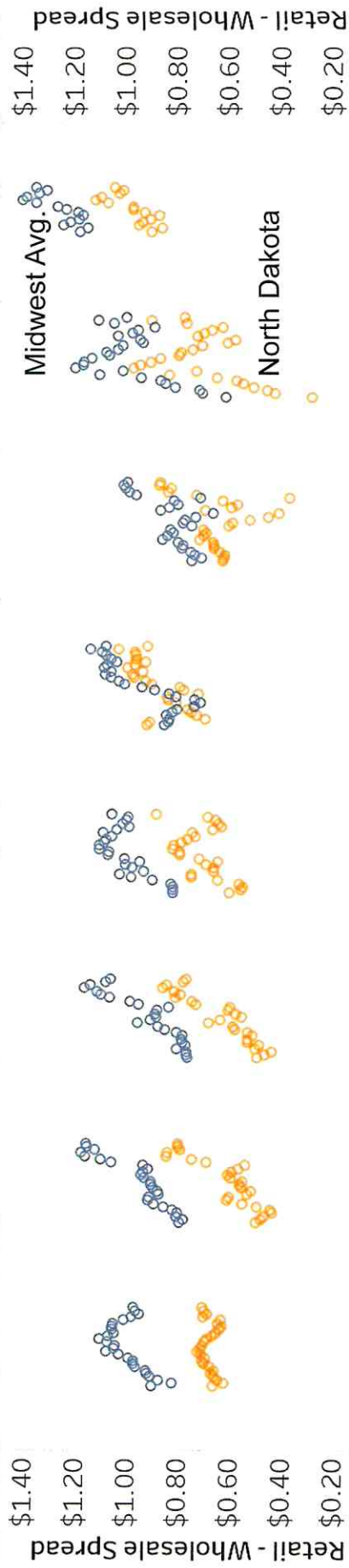
I would be happy to stand for any questions.

Regards,  
Jarett Schatz

# Residential Propane Prices Around the U.S.\*



# Residential – Wholesale Propane Price Spreads\*



2016 2017 2018 2019 2020 2021 2022 2023



## PROJECT COST COMPARISON

Tank Size	Tank Cost	Freight (Minot)	Foundation	Tank Trim	Piping	Pump Set & Transport BH	Crane	Excavation	Electrical	Install Labor	Cost (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	Total Each \$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

Tank Size	Tank Cost	Freight (Minot)	Foundation	Tank Trim	Piping	Pump Set & Transport BH	Crane	Excavation	Electrical	Install Labor	Adjusted Costs for Mutil Container install
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	Project Total \$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