



February 7, 2014

The Honorable Terry E. Branstad
Governor of Iowa
State Capitol
1007 East Grand Avenue
Des Moines, IA 50319

Dear Governor Branstad:

Thank you for your letter regarding tight propane supplies in Iowa. We share your concern that extremely harsh winter weather and a number of market factors have combined to create limited supplies of propane across the Midwest – impacting families, businesses, and agricultural producers. As the heads of two federal agencies that are responding to this situation, we want to let you know about the many steps the Administration is taking to help consumers heat their homes and businesses for the remainder of the winter, and to assure you that we take this situation as seriously as you do.

To help families cope with higher heating bills, the Administration for Children and Families at the U.S. Department of Health and Human Services (HHS) made \$454 million in additional funding available to states for the Low Income Home Energy Assistance Program (LIHEAP) on January 30. This funding includes \$7,419,062 for Iowa. As you know, LIHEAP assists households across the country, including families with children and seniors, with their home energy needs such as heating in the winter, cooling their homes in the summer, and insulating their homes to make them more energy efficient and reduce their energy costs.

To help move additional supplies into areas where they are needed, the Department of Transportation (DOT) has taken steps to facilitate the motor carrier transport of propane supplies by temporarily suspending federal hours-of-service regulations for truckers in 36 states and the District of Columbia. This allows truck drivers moving propane and other heating fuel to work longer hours. On February 5, DOT acted to extend those waivers until March 1.

Some have inquired about whether DOT can waive weight limits to enable trucks to carry heavier loads. While states may issue special permits for overweight loads following a Stafford Act emergency declaration by the President or pursuant to grandfathered state law, DOT does not have the authority to waive weight and size limits. Even if a state issues an oversize and overweight permit, DOT's Pipeline and Hazardous Materials Safety Administration (PHMSA) must issue a special permit for a propane tank to be filled beyond its maximum designated safe carrying capacity. It is unlikely that PHMSA would issue such a permit in this circumstance because it believes that exceeding the maximum that each cargo tank may transport increases the risk of failure due to over-pressurization.

The Department of Energy (DOE) is working to gather and disseminate information to help facilitate better functioning of propane markets. To support these activities, DOE activated its Energy Response Organization (ERO) on January 27. The ERO holds daily calls with industry, other Federal partners, States, and industry associations to assess the situation. In addition, DOE and DOT have conducted high-level outreach to leaders of propane pipeline companies, distributors and industrial users. DOE's Energy Information Administration (EIA) continues to publish weekly propane price and inventory data and gather information from a range of industry sources. Most recently, EIA launched a new propane situation page on its website at <http://www.eia.gov/special/alert/propane/>.

DOE will continue to closely monitor this situation and provide stakeholders and officials in affected states with data and analysis to inform decision-making on moving additional supplies to affected areas. Shippers on Enterprise Products Partners' TEPPCO pipeline are prioritizing shipments of propane to the Midwest and Northeast. Enterprise also reports that propane originally headed to the Gulf Coast for export is being diverted to the Midwest and that several spot export cargos from the Gulf Coast have been cancelled to respond to demand in the US. As a result, propane stocks in the Midwest stand at 9.6 million barrels (MMB) for the week ending January 31, an increase of 9 percent from the previous week, but well below seasonal averages.

We recognize that as long as the weather remains colder than normal, these challenges will persist. To explore additional ways that we can work together, the Administration will arrange a conference call for early next week to discuss these matters further.

If you have questions or need further information, please contact us directly or have your staff contact Mr. Brad Crowell, Assistant Secretary for Congressional and Intergovernmental Affairs at the Department of Energy, at (202) 586-5450 or Mr. Dana Gresham, Assistant Secretary for Governmental Affairs at the Department of Transportation, at (202) 366-4573.

Sincerely,



Anthony R. Foxx
Secretary of Transportation



Ernest J. Moniz
Secretary of Energy