

# Weekly Propane Newsletter

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## ***Principal Averages***

Mont Belvieu .....	67.000
Kearney.....	59.740
Conway.....	56.618
Los Angeles .....	85.000
Selkirk.....	76.554
Apex.....	66.404
Hattiesburg .....	61.303

All postings reflect rack price only and do not include other fees, assessments, or taxes.

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## **Fractional Gains Move Belvieu, Conway Spots Up**

Reversing a week of falling values, spot prices at the nation's major trading hubs posted gains Thursday, although the strengthening was fractional. The Mont Belvieu markets were up a half cent and 0.625 cents compared to the Monday email Update, while Conway, Kan. trading was 0.375 cents higher. Early in the week, Belvieu spots tumbled 2.125 cents while Conway moved 2.375 cents lower, building on losses seen the previous reporting period. Thursday's skip to higher ground came despite oil futures holding near five-week lows following a record jump in U.S. crude supply. The Energy Information Administration (EIA) reported Wednesday that crude inventories rose 14.4 MMbbl the week ended Oct. 28, marking the largest weekly increase on record, based on EIA data that dates back to 1982.

Mont Belvieu non-LST propane mid-morning Thursday was trading at 55.875-56.25 cents/gal., higher by 0.625 cents for buyers and a half cent for sellers from Monday. Low and high deals were reported at that same 55.875 and 56.25 cents, with the last trade done at 56.125 cents. LST spots, at 56.50-56.75 cents/gal., gained 0.5 cents for buyers and 0.125 cents for sellers. Later in the session, the bid and offer moved to 56.375-56.625 cents/gal. Low and high deals were posted at 56.50 and 56.75 cents, with the last trade at 56.75 cents.

Trading in the Group 140 market (Conway) was at 53.125-53.625 cents/gal. for gains of 0.375 cents for buyers and 0.125 cents for sellers from Monday. Low and high trades were on the board at 52.875 and 53.50 cents, with the last deal at 53.50 cents. Trading later in the session narrowed to 53.125-53.50 cents/gal.

Elsewhere, December West Texas Intermediate crude oil was down 8 cents, or 0.2%, Thursday to \$45.26/bbl on NYMEX. Prices settled at \$45.34 Wednesday, their lowest since September. January Brent crude on London's ICE Futures exchange gained 4 cents, or 0.1%, to rise to \$46.90/bbl. Market watchers were concentrating on the upcoming Nov. 30 OPEC meeting in Vienna, where details are scheduled to be hammered out regarding setting an output target of no more than 33 MMbbld. Analysts are predicting that crude oil prices could crash more than 10% if the group fails to implement a production curtailment plan. However, insiders say a deal to limit production is looking increasingly unlikely, meaning \$40/bbl oil would be warranted.

## Candidates' Energy Positions Present Stark Choice for Voters This Election

The stakes could not be higher for energy production on federal lands after Nov. 8, depending on whether what the presidential candidates say can be believed, reports Bloomberg BNA. Democrat Hillary Clinton says she would expand an existing leasing moratorium on coal production on public lands to also include oil and gas. Republican Donald Trump would eliminate the coal leasing moratorium altogether.

The American Energy Alliance tells Bloomberg that the Clinton and Trump stands on energy production represent "one of the starkest differences between the two candidates," but the reality of what the general election could mean for fossil fuel production on public lands may not be as straightforward as stated in their policy positions. Clinton's promise to expand the leasing moratorium could be difficult to achieve, with even her environmental supporters observing they aren't clear on the specifics of where she stands.

The U.S. Department of the Interior implemented a coal leasing moratorium in January as it launched an evaluation of the environmental impact of its coal program. The moratorium included exemptions, including for metallurgical coal leases and emergency leasing. Following that decision, Clinton was asked whether she would end the production of coal, oil, and gas on federal lands. She answered that she wanted to impose a moratorium for coal, oil, and gas "because there are legal issues you have to go through."

And while the contrast in positions between the two candidates appears to be significant, election watchers comment that it is hard to determine exactly where, and how, actual policy would be implemented. Overall, environmentalists see a Clinton presidency as moving to address climate change in some form, whereas Trump has indicated no such support. Moreover, the Mineral Leasing Act and the Federal Policy and Management Act require the Interior Department to offer leases for oil and gas, calling into question the legality of a blanket moratorium for future development on public lands. Conversely, Trump's promise to rescind the January secretarial order imposing the coal-related leasing pause would be relatively easy to achieve—secretarial orders can simply be upended by other secretarial orders.

## Energy Distribution Partners Buys Pennsylvania's CMP Energy

CMP Energy, a privately owned company based in Philipsburg, Pa., has been acquired by Chicago-based Energy Distribution Partners (EDP). CMP Energy provides propane, fueloil, and HVAC services to about 8000 residential customers across central Pennsylvania. CMP Energy was founded by Robert Mitchell in 1954 as the Mitchell Oil Co. Mitchell's son, Jeff Mitchell, took over the business in 1984 and his son, Robert Mitchell, continues to be involved in day-to-day operations. Over a series of mergers and acquisitions, the company evolved into CMP Energy.

"We are delighted to have CMP Energy join the EDP family of companies," said Tom Knauff, Energy Distribution Partners' CEO. "CMP has been dedicated to providing exceptional propane and heating oil service to customers in central Pennsylvania for over 60 years. We recognize that the Mitchell family has developed a loyal following over that period of time and we look forward to making certain that their company's legacy will be preserved."

"We are extremely pleased to announce the transition of CMP Energy to EDP," added Jeff Mitchell. "We are confident the team at EDP will continue our family's commitment to taking good care of our customers and our active involvement in the local community. Our business is in good hands for the future."

Energy Distribution Partners is focused on growing its business in the propane and midstream industry. EDP's strategy is to acquire successful operations, retain the brand name, preserve local management, and support local communities. The CMP Energy acquisition marks the fifth for EDP this year.

## Texas School District Expands Propane-Powered Bus Fleet

The Leander Independent School District (LISD) in Texas is getting greener with the addition of 20 new propane-fueled buses that were rolled out in August, with four more special education buses delivered in September. The school district received a Texas Commission on Environmental Quality grant that provided rebates of 60% of the purchase prices for each bus.

“These buses will lead LISD to a brighter future by helping to decrease our carbon footprint,” said Steve Stripling, director of transportation. “Our older diesel buses did not run as clean, and it was time to replace them with propane technology that will reduce emissions out of the tailpipe. Our school district is a steward of our environment and seeks the best options for the health and safety of our students and community.”

The new Blue Bird Vision propane buses are powered by Ford Motor Co.’s 6.8-liter V-10 engine and are equipped with Roush CleanTech autogas fuel systems. The new buses will reduce annual nitrogen oxide emissions by more than 31,200 pounds and particulate matter emissions by over 635 pounds compared with the diesel buses that they replaced.

“In addition to the autogas buses being a good environmental choice, they are also a good economic choice,” said Brian Carney, executive director of school bus sales and customer support at Roush CleanTech. “These buses eliminate the need for diesel exhaust after-treatment systems and a number of other expensive maintenance items due to the clean-burning property of the fuel.” “In LISD, we constantly look for ways to give our taxpayers a return on their investment, as well as to provide the safest and cleanest-burning technology as possible,” added Stripling. “We firmly feel that the purchase of our autogas fleet meets this goal.”

## **Tecogen Developing Emissions Technology for Forklift Market**

Tecogen Inc. (Waltham, Mass.) has been awarded a research grant from the Propane Education & Research Council (PERC) to aid in its development of Ultera ultra-clean emissions control technology for the propane-powered forklift market. Although Tecogen has granted rights to Ultera emissions control technology for vehicles to a joint venture affiliate, that agreement specifically excludes forklifts, which remain the exclusive purview of Tecogen.

Electric forklifts have been making significant inroads in the industry, in part because of their green image and indoor air-quality benefit. The primary benefit of the Ultera-equipped, ultra-clean propane forklift will be fuel cell-like emissions and a propane-green brand that offers a robust indoor air-quality advantage without compromising vehicle performance. The project funded

by PERC will assess Tecogen’s near-zero-emissions technology for the forklift category and demonstrate the technical performance on popular propane forklift models. Select industry-leading forklift manufacturers are also participating in the research initiative.

“This grant award is yet another demonstration of Tecogen pushing Ultera into new applications,” said Robert Panora, president and COO and one of the inventors of the Ultera system. “Forklifts are often used inside large warehouses where indoor air quality is a serious concern. Eliminating pollutants from vehicles operating indoors is important to the forklift industry and their customers. Ultera has proven incredibly effective at nearly eliminating emissions of nitrogen oxides, carbon monoxide, and non-methane hydrocarbons for a variety of engines. We are optimistic about the potential to produce similarly compelling results for propane forklifts.”

A provider of cost-efficient, clean, and reliable products for power production, heating, and cooling which, through patented technology, nearly eliminate criteria pollutants and significantly reduce a customer’s carbon footprint, Tecogen’s Ultera emissions control technology was first developed for the gas-powered stationary engine market. More recently, the technology has been adapted for other applications, including biogas-powered engines. It is being studied for other mobile engine categories, including the gasoline automotive market. The company continues to actively pursue development of Ultera emissions control technology in other engine categories such as forklifts and standby generators for the benefit of its shareholders.

## **Navistar Extends Engine Supply Agreement with PSI Through 2021**

Power Solutions International (PSI; Wood Dale, Ill.), a designer and manufacturer of emissions-certified alternative fuel power systems, said Oct. 19 that Navistar (Lisle, Ill.), parent company of IC Bus LLC, has extended its engine supply agreement with PSI to run through 2021. The agreement, originally set to run through 2018, covers PSI’s supply of 8.8-liter propane and gasoline engines for IC Bus.

“We’re very excited that Navistar has chosen to extend our supply agreement well into the future,” said Gary Winemaster, PSI’s chairman and CEO. “The deci-

(Continued on p. 6)

**PROPANE PRICES UPDATE**

**PRINCIPAL U.S. POSTINGS**

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Thursday, November 3, 2016

	<u>Mont Belvieu</u>	<u>Kearney Mo.</u>	<u>Conway Kan.</u>	<u>Los Angeles</u>	<u>Selkirk N.Y.</u>	<u>Apex N.C.</u>	<u>Hatties- burg</u>
AePEX Energy	-	-	-	85.000	-	-	-
Alliance Energy Svcs	-	59.390	57.000	-	-	67.500	-
CHS/Cenex	61.000	60.020	56.820	-	76.390	66.270	61.460
Crestwood Services	-	60.150	56.400	-	76.660	66.500	61.360
DCP/GSR	-	-	-	-	76.688	-	-
Enterprise Prod	68.000	59.750	-	85.000	76.800	67.500	-
Martin Gas	69.500	-	-	-	-	66.250	60.750
NGL Supply Ltd	-	-	-	-	-	65.000	60.000
NGL Wholesale LLC	-	59.390	56.250	-	76.230	65.810	59.750
Targa	69.500	-	-	84.000	-	-	64.500
Valero	-	-	-	86.000	-	-	-
<b>AVERAGES</b>	<u>67.000</u>	<u>59.740</u>	<u>56.618</u>	<u>85.000</u>	<u>76.554</u>	<u>66.404</u>	<u>61.303</u>

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**SPOT PRICES FOR NATURAL GAS LIQUIDS**

	<u>Propane</u>	<u>Normal Butane</u>	<u>Iso Butane</u>	<u>Natural Gasoline</u>	<u>EP-Mix 80%-20%</u>	<u>Ethane</u>
Mont Belvieu	55.875 56.250	74.375 74.750	78.750 80.250	102.250 103.000	20.125 21.500	21.625 21.750
Mont Belvieu LST	56.500 56.750	72.875 74.250	78.625 80.500	102.125 103.500	-	-
Conway Kan.	53.125 53.625	74.000 74.625	86.000 86.750	101.750 104.500	19.000 19.750	-
Hattiesburg	56.500 58.000	-	-	-	-	-
Hobbs, N.M.	70.000 70.750	-	-	-	-	-
Delivered L.A. Basin	84.000 86.000	N/A N/A	N/A N/A	N/A N/A	-	-
On The River	-	-	-	102.000 102.500	-	-
Sarnia	70.000 71.000	N/A N/A	N/A N/A	-	-	-
Edmonton	43.500 43.750	N/A N/A	-	-	-	-

\*Bakersfield, Calif

**CANADIAN PRODUCER POSTINGS**

**Pembina Pipeline:** Marysville, 70.000; Sarnia, 71.000.

(In U.S. cents/gal)

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**COMMENTARY**

**Most Postings Fall**

Following the early-week pattern, most principal postings retreated Thursday to give up a penny to 3 cents compared to the Monday email Update. Most losses were from 1.5 to 2.5 cents. However, sellers at Mont Belvieu bucked the trend and added a quarter cent and 0.75 cents.

Postings at Apex, N.C. on the Dixie Pipeline shed 1.5 to 3 cents, shifting prices to a low of 65.00 cents and a high of 67.50 cents/gal. Conway, Kan. postings fell either 1.5 or 1.75 cents compared to Monday, and prices were from 56.25 to 57.00 cents.

At Selkirk, N.Y. on TEPPCO, postings moved lower by a penny to 2 cents between the two reporting periods, and prices were from 76.23 to 76.80 cents/gal. Mont Belvieu postings held an 8.5-cent spread from 61.00 to 69.50 cents, and dipped a penny or 1.5 cents or gained a quarter cent or 0.75 cents over the week.

Alliance Energy Services, Enterprise Products, and Martin Gas Sales discounted 1.5 cents at Apex; Crestwood Services 2.25 cents; CHS/Cenex 2.5 cents; and NGL Supply Ltd. and NGL Supply Wholesale LLC 3 cents/gal.

CHS/Cenex and Crestwood Services shed 1.5 cents at Conway, and Alliance Energy Services and NGL Supply Wholesale LLC were down 1.75 cents/gal.

Crestwood Services gave up a penny at Selkirk; Enterprise Products and NGL Supply Wholesale LLC 1.25 cents; DCP/GSR 1.5 cents; and CHS/Cenex 2 cents/gal.

At Mont Belvieu, Targa Resources' posting slipped 1 cent, and CHS/Cenex 1.5 cents. Enterprise Products added a quarter cent, and Martin Gas Sales 0.75 cents/gal.

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# BPN's PRICES FOR OTHER BASING POINTS

Thursday, November 3, 2016

**AePEX Energy:** Las Vegas, NV 72.000; San Joaquin Valley, CA 88.000.

**Alliance Energy Svcs:** Barron, WI 64.500; Benson, MN 67.000; Rush City, MN 68.000; [Dixie] Albany, GA 64.550; Alma, GA 65.300; Cheraw, SC 66.000; Demopolis, AL 63.000; Lexington, SC 65.500; Milner, GA 64.450; Opelika, AL 63.700; [Kaneb] Geneva, NE 59.400; Norfolk, NE 60.850; North Platte, NE 61.340; Wolsey, SD 62.500; Yankton, SD 60.720; [Kinder-Morgan] Clear Lake, IA 64.270; Coralville, IA 64.060; Des Moines, IA 63.500; Lemont(k), IL 62.000; Morris, IL 61.250; Plattsmouth, NE 61.110; Rockford, IL 65.530; Tampico, IL 64.380; [MAPCO] Bushton, KS 56.750; Cantril, IA 61.670; Clay Center, KS 57.920; Dubuque, IA 63.360; Farmington, IL 63.280; Greenwood, NE 59.210; Iowa City(m), IA 62.610; Janesville, WI 64.450; Mankato, MN 62.360; Moberly, MO 60.690; Ogden, IA 61.530; Pine Bend, MN 63.340; Sanborn, IA 61.220; Whiting, IA 60.250.

**CHS/Cenex:** Greenbay (Tank Car), WI 65.550; Lebanon, IN 75.880; Lemont, IL 63.000; Lima, OH 63.500; Rapid River, MI 67.000; Slaughter, TX 71.750; [Dixie] Albany, GA 63.530; Alma, GA 64.180; Cheraw, SC 65.030; Demopolis, AL 61.950; Lexington, SC 64.480; Milner, GA 63.410; Opelika, AL 62.810; [Kinder-Morgan] Clear Lake, IA 63.720; Coralville, IA 62.790; Des Moines, IA 61.690; Morris, IL 62.250; Plattsmouth, NE 59.890; Rockford, IL 65.030; Tampico, IL 63.330; [MAPCO] Bushton, KS 58.000; Cantril, IA 62.490; Clay Center, KS 58.540; Dubuque, IA 64.160; Farmington, IL 63.560; Greenwood, NE 59.790; Iowa City(m), IA 63.170; Janesville, WI 64.760; Lecompton, KS 59.360; Moberly, MO 61.310; Ogden, IA 62.350; Pine Bend, MN 65.250; Sanborn, IA 62.050; Whiting, IA 61.070; [TEPPCO] Coshocton, OH 77.920; Du Bois, PA 70.050; Greensburg, PA 70.280; Oneonta, NY 73.970; Princeton, IN 70.550; Todhunter, OH 75.940; Watkins Glen, NY 72.870; [Williams] Carthage(w), MO 64.500.

**Crestwood Services:** Huntington, IN 72.000; Lemont, IL 63.000; Mc Kittrick, CA 88.000; Tuscola, IL 68.000; [Dixie] Albany, GA 63.720; Alma, GA 64.380; Cheraw, SC 65.250; Demopolis, AL 62.100; Lexington, SC 64.680; Milner, GA 63.590; Opelika, AL 62.980; [Kaneb] Geneva, NE 61.000; Norfolk, NE 62.100; North Platte, NE 62.850; Wolsey, SD 63.600; Yankton, SD 61.850; [Kinder-Morgan] Clear Lake, IA 64.600; Des Moines, IA 63.900; Iowa City(k), IA 64.400; Morris, IL 62.250; Plattsmouth, NE 61.750; Rockford, IL 65.700; Tampico, IL 64.750; [MAPCO] Bushton, KS 57.900; Cantril, IA 62.050; Clay Center, KS 58.450; Dubuque, IA 63.900; Farmington, IL 63.650; Greenwood, NE 59.550; Iowa City(m), IA 63.550; Janesville, WI 64.900; Mankato, MN 62.400; Moberly, MO 61.250; Ogden, IA 61.650; Pine Bend, MN 63.400; Sanborn, IA 61.400; Whiting, IA 60.650; [TEPPCO] Du Bois, PA 72.680; Greensburg, PA 71.690; Oneonta, NY 75.380; Princeton, IN 78.250; Todhunter, OH 78.150; Watkins Glen, NY 72.890.

**DGP/GSR:** Greeley, CO 61.000; Gulf Plains, TX 70.000; Jameson, TX 68.000; Ozona Gas Plant, TX 70.000; Sonora, TX 70.000; Spindle, CO 61.000; Wilcox, TX 70.000; [TEPPCO] Du Bois, PA 71.023; Greensburg, PA 71.353; Oneonta, NY 74.595; Watkins Glen, NY 75.068.

**Enable Midstream:** Calumet, OK 58.000; Rush Springs, OK 58.000; Waskom, TX 68.000; Wetumka, OK 58.000.

**Enterprise Prod:** Armstrong, TX 70.750; Harford Mills,

NY 91.290; Hobbs, NM 70.750; Inver Grove Heights, MN 63.750; Jackson, MN 62.500; Martinez, CA 85.000; Origin Station, TX 70.750; Shoup, TX 70.750; Stephens City, VA 73.500; [Dixie] Albany, GA 64.550; Alma, GA 65.300; Cheraw, SC 66.000; Demopolis, AL 63.000; Lexington, SC 65.500; Milner, GA 64.450; Opelika, AL 63.700; [Kaneb] Geneva, NE 60.250; Norfolk, NE 61.750; North Platte, NE 62.500; Wolsey, SD 63.500; Yankton, SD 62.000; [Kinder-Morgan] Clear Lake, IA 64.000; Des Moines, IA 62.000; Plattsmouth, NE 60.000; Rockford, IL 66.000; [MAPCO] Cantril, IA 62.000; Clay Center, KS 58.250; Dubuque, IA 63.500; Farmington, IL 63.375; Greenwood, NE 59.500; Iowa City(m), IA 62.625; Janesville, WI 64.500; Mankato, MN 62.375; Moberly, MO 61.000; Ogden, IA 61.750; Pine Bend, MN 64.000; Sanborn, IA 61.375; Whiting, IA 60.375; [TEPPCO] Coshocton, OH 79.050; Du Bois, PA 70.920; Greensburg, PA 72.200; Oneonta, NY 74.040; Princeton, IN 73.250; Todhunter, OH 77.450; Watkins Glen, NY 73.250.

**Kinder Morgan:** Altamont, UT 57.000.

**Martin Gas:** Arcadia, LA 72.500; Corpus Christi, TX 70.750; East Texas, TX 72.500; [Dixie] Albany, GA 63.750; Alma, GA 64.400; Cheraw, SC 65.100; Demopolis, AL 62.500; Lexington, SC 64.600; Milner, GA 63.500; Opelika, AL 63.000.

**NGL Supply Ltd:** [Dixie] Albany, GA 62.500; Alma, GA 63.000; Cheraw, SC 63.500; Demopolis, AL 61.000; Lexington, SC 63.250; Milner, GA 62.250; Opelika, AL 61.750.

**NGL Supply Wholesale LLC:** Lebanon, IN 74.380; [Dixie] Albany, GA 63.080; Alma, GA 63.720; Cheraw, SC 64.570; Demopolis, AL 61.490; Lexington, SC 64.020; Milner, GA 62.950; Opelika, AL 62.350; [Kaneb] Geneva, NE 59.400; Norfolk, NE 60.850; North Platte, NE 61.340; Wolsey, SD 62.500; Yankton, SD 60.720; [Kinder-Morgan] Clear Lake, IA 63.030; Coralville, IA 61.670; Des Moines, IA 60.940; Lemont(k), IL 65.220; Morris, IL 63.540; Plattsmouth, NE 58.960; Rockford, IL 64.640; Tampico, IL 62.830; [MAPCO] Bushton, KS 56.750; Cantril, IA 61.660; Clay Center, KS 57.910; Dubuque, IA 63.360; Farmington, IL 63.280; Greenwood, NE 59.210; Iowa City(m), IA 62.600; Janesville, WI 64.940; Lecompton, KS 58.760; Mankato, MN 62.360; Moberly, MO 60.680; Ogden, IA 61.530; Pine Bend, MN 64.250; Sanborn, IA 61.220; Whiting, IA 60.240; [TEPPCO] Coshocton, OH 78.250; Du Bois, PA 72.250; Greensburg, PA 71.260; Light, AR 72.750; Oneonta, NY 74.950; Princeton, IN 73.290; Todhunter, OH 76.590; Watkins Glen, NY 72.960.

**Phillips 66:** Bayway, NJ 60.750; Billings, MT 54.500; Ferndale, WA 64.000; Ponca City, OK 56.000; [Cherokee] Mt Vernon, MO 63.250; Wood River, IL 59.250; Wood River Refinery, IL 59.250.

**Targa:** Big Spring, TX 72.500; Calvert City, KY 82.250; Chico, TX 71.500; Elkhorn (Kane), PA 74.000; Elkhorn (Keystone), PA 74.000; Elkhorn (Roystone), PA 74.000; Gillis, LA 58.000; Greenville, MS 73.000; Lewis Run Plant, PA 74.000; Mc Kittrick, CA 89.000; Mt. Vernon, IN 82.500; San Francisco, CA 84.000; Sparta, NJ 89.250; Tebone, LA 62.500; Tyler, TX 76.500; Warren (United), PA 74.000; Warren-Papco Gas Plant, PA 74.000; Waskom, TX 71.500; [Dixie] Albany, GA 63.600; Alma, GA 64.200.

**Valero:** Mc Kee, TX 60.000.

sion not only demonstrates the strength of our relationship, but also the satisfaction and confidence Navistar has in our ability to deliver high-performance products that help them achieve their strategic goals. We look forward to a long and successful partnership as bus fleets and local school districts continue to embrace the growing market trend toward alternatives to diesel engines.”

Navistar began partnering with PSI in 2014 in order to expand its IC Bus product line with alternative fuel offerings to meet growing market demand. In November that year, IC Bus launched its PSI-powered CE Series Type C propane school bus at the National Association for Pupil Transportation Summit in Kansas City, Mo. Since production started, IC Bus has produced more than 450 buses powered by PSI’s propane engine. Significant deliveries include 149 buses to Waterbury Public Schools in Waterbury, Conn.; 100 buses to Indianapolis Public Schools in Indianapolis, Ind.; and 63 have been operating for Tuscaloosa City Schools since early 2016.

“We are mindful of the many operational needs of our school bus customers and we take pride in offering them powertrain options that meet those needs while delivering on our promise to build reliable, safe, and efficient buses,” said Persio Lisboa, president of operations at Navistar. “We are excited to continue our partnership with PSI in providing high-performance alternative fuel engines in our buses.”

## **Energy Transfer Partners to Acquire Interests in PennTex**

Energy Transfer Partners LP (ETP; Dallas, Texas) has entered into a definitive agreement to acquire certain interests in PennTex Midstream Partners LP (Houston) for about \$640 million. Upon closing the transaction, ETP will own 100% of the general partner of PennTex, together with all of its distribution rights, 6.3 million common units, and all 20 million subordinated units representing about 65% of the total limited partner interests. The transaction is expected to close in the fourth quarter of this year.

The acquisition consideration paid by ETP will be 50% ETP common units issued directly to sellers and 50% cash. The cash portion of the purchase price will be funded with a combination of proceeds from common units recently issued and borrowing from its revolving credit facility. In conjunction with the transaction, Energy Trans-

fer Equity, a partnership of ETP, has agreed to an incentive distribution rights waiver of \$33 million annually that will run in perpetuity.

PennTex owns midstream assets located in the Terryville Complex in northern Louisiana that include a rich natural gas gathering system, two cryogenic natural gas processing plants with a total of 400 MMcfd of capacity, and residue gas and natural gas liquids pipelines. The company’s primary customer is Range Resources Corp.

In addition to long-term, fee-based gathering and processing agreements that include minimum-volume commitments, PennTex and Range Resources are parties to an agreement that provides PennTex the exclusive right to build all of the midstream infrastructure for Range Resources within an area of mutual interest in northern Louisiana and to provide midstream services to support its current and future production on substantially all of its operated acreage within the area of mutual interest.

## **American Midstream Partners Merging with JP Energy Partners**

American Midstream Partners LP (Houston) and JP Energy Partners LP (Irving, Texas) have entered into a merger agreement to create a combined midstream platform. American Midstream will acquire 100% of JP Energy in a unit-for-unit merger. In conjunction with the transaction the general partners of the two companies will be combined.

The move is aimed at creating a diversified midstream business operating in leading North American basins, including the Permian, Gulf of Mexico, Eagle Ford, and Bakken. The combined partnership will have an estimated enterprise value of \$2 billion and its unit holders are expected to benefit from significantly improved scale and financial flexibility to invest in growth projects and third-party acquisitions.

“The merger elevates and reshapes our two businesses into a new platform that we expect will allow for higher growth, new business opportunities, and a stronger financial position than either company could achieve separately,” said Lynn L. Bourdon III, chairman, president, and CEO of American Midstream. “This transformational combination is the next logical step in expanding services from the wellhead to the end-user market. We will begin to experience the impact of our

value chain growth strategy by offering customers a more competitive suite of services that enables us to capture incremental fee opportunities that maximize returns to unit holders.”

Upon completion of the transaction, the combined partnership will own and operate more than 3100 miles of gathering and transportation pipelines, more than 2.5 Bcfd of transportation capacity, six processing plants with 400 MMcfd of processing capacity, three fractionation facilities with 20,000 bbl of capacity, a 13.9% interest in an offshore floating production facility in the deep-water Gulf of Mexico, more than 6 MMbbl of aboveground liquids storage capacity, and one of the largest wholesale propane businesses in the U.S.

### **Senators Urge President to Prohibit Arctic, Atlantic Drilling**

U.S. Sens. Edward J. Markey (D-Mass.) and Cory Booker (D-N.J.) are leading a dozen other senators, 11 Democrats and one independent, Vermont Sen. Bernie Sanders, in calling on President Obama to use his authority under Section 12(a) of the Outer Continental Shelf Lands Act (OCSLA) to permanently ban offshore oil and gas drilling in the Atlantic and Arctic oceans.

“Using this authority to permanently protect these areas would ensure that important industries in our coastal states such as fishing and tourism are protected, that we do not despoil our beaches and coastlines or the sensitive ecosystem of the Arctic Ocean, and that we align our long-term federal energy decisions with a climate-safe future,” Markey and Booker wrote in a letter to the president.

Citing OCSLA, the senators said, “The president of the United States may, from time to time, withdraw from disposition any of the unleased lands of the Outer Continental Shelf.” The absence of explicit language in OCSLA that references the authority to revoke those withdrawals, in contrast to other statutes like the Federal Land Policy and Management Act that does include language to both withdraw lands from certain uses and also to revoke those withdrawals, indicates that this statute empowers the president to permanently withdraw federal lands offshore from oil and gas drilling, they assert.

The senators argued that the environment and economies of the Atlantic and Arctic oceans would be threatened if offshore oil drilling were allowed. Fishing and

tourism on the East Coast generates hundreds of billions of dollars in economic activity and supports hundreds of thousands of jobs. They charged that “the oil industry’s attempts to drill offshore in the Arctic have been riddled with safety lapses and mishaps, leading it to relinquish the bulk of the drilling leases that were held in the Arctic Ocean.” Other senators signing the letter were Jeff Merkley (D-Ore.), Kristen Gillibrand (D-N.Y.), Elizabeth Warren (D-Mass.), Al Franken (D-Minn.), Ben Cardin (D-Md.), Brian Schatz (D-Hawaii), Robert Menendez (D-N.J.), Richard Blumenthal (D-Conn.), Barbara Mikulski (D-Md.), Patrick Leahy (D-Vt.), and Barbara Boxer (D-Calif.).

### **DEEP Cancels Natural Gas RFP, Opts for Renewables**

Connecticut’s Department of Energy and Environmental Protection (DEEP) has canceled a request for proposals (RFP) that sought tenders for additional natural gas resources, including liquefied natural gas, natural gas pipeline capacity, and natural gas storage. The agency cited “the issuance of administrative decisions and a court ruling in other New England jurisdictions” materially reducing the ability “for the costs of the projects to be shared among a substantial portion of the regions ratepayers.” It therefore canceled the natural gas RFPs without prejudice. Further noted was that DEEP sees the problem of inadequate gas infrastructure being greater than one state can solve alone. Regional investment is necessary to ensure that no one state disproportionately bears the costs of addressing the problem.

Rather, DEEP is proceeding with the process to select projects submitted in response to an RFP issued jointly by Connecticut, Massachusetts, and Rhode Island for large-scale hydropower, Class I renewables above 20 megawatts, and associated transmission. Selected projects will advance to power purchase contracts with Connecticut’s two electric distribution companies—Eversource and United Illuminating—and will be subject to regulatory approval by the Public Utilities Regulatory Authority.

DEEP is also expected to select projects submitted in response to an RFP issued for small-scale energy projects, including Class I renewables from two to 20 megawatts in size, energy efficiency, and energy storage. Once selected, the projects will advance to power purchase contract negotiations with Eversource and United Illuminating, and will also be subject to approval by the Public

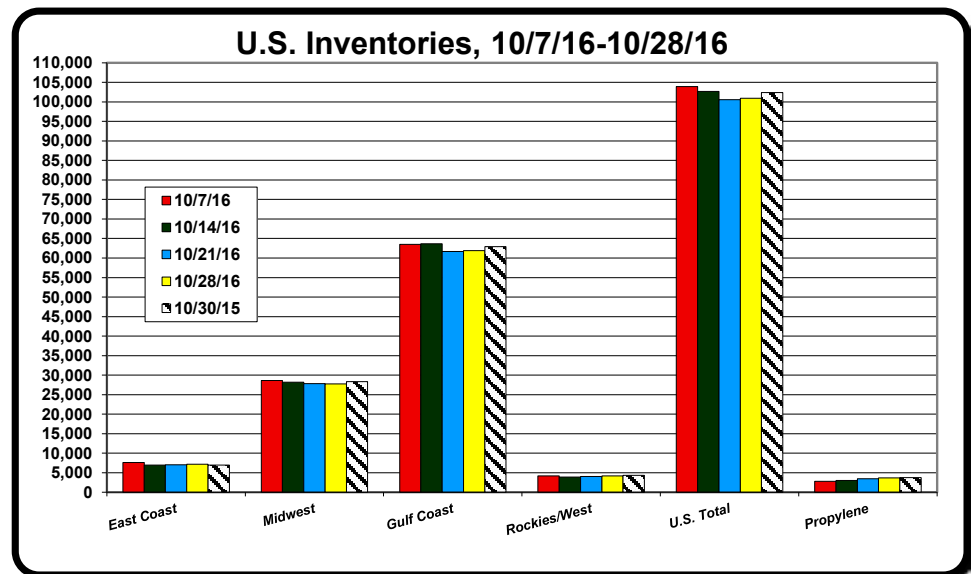
## U.S. Propane Inventories Gain 0.3 MMbbl, Rise to 100.9 MMbbl

Primary U.S. propane stocks the week ended Oct. 28 rose 0.3 MMbbl to reach 100.9 MMbbl, the Energy Information Administration (EIA) reports in its latest This Week in Petroleum report. As of then, inventories stood 1.5 MMbbl, or 1.5%, lower than a year ago. Gulf Coast volumes grew by 0.2 MMbbl, while Rocky Mountain/West Coast region and the East Coast increased by 0.1 MMbbl each. Supplies in the Midwest declined by 0.1 MMbbl. Propylene non-fuel-use stocks represented 3.7% of total propane inventories, up from 3.4% the previous week.

As of Oct. 28, EIA calculates that the U.S. had 90.3 days of propane supply, down from 92 days a week earlier and off from 106.9 days last year. Propane production for the nation came in at 1.766 MMbbl for the week, nearly 0.1 MMbbl higher week on week and up 0.2 MMbbl for the year. East Coast production was at 0.158 MMbbl, the Midwest 0.418 MMbbl, and the Gulf Coast 0.984 MMbbl. Weekly propane imports were at 0.140 MMbbl, little changed for the week but almost 0.1 MMbbl higher than a year ago. The East Coast received 0.034 MMbbl and the Midwest 0.083 MMbbl. U.S. propane demand was at 1.106 MMbbl, only minimally lower for the week but nearly 0.3 MMbbl above last year.

EIA pegged the U.S. average residential propane price for the week ended Oct. 31 at 206.0 cents/gal., off 0.9 cents compared to the prior week but 13.6 cents higher than last year. The East Coast residential average was 282.5 cents, New England 291.8 cents, Central Atlantic 273.7 cents, Lower Atlantic 286.9 cents, Midwest 148.2 cents, Gulf Coast 207.0 cents, and Rocky Mountain 210.1 cents. EIA reported the average U.S. wholesale propane price at 68.7 cents/gal., 1.2 cents under the previous week and 14.9 cents above last year. The East Coast wholesale average was 72.8 cents, Central Atlantic 75.3 cents, Lower Atlantic 69.3 cents, Midwest 66.9 cents, Gulf Coast 67.5 cents, and Rocky Mountain 62.8 cents.

Meanwhile, U.S. crude oil stocks the week ended Oct. 28 grew by 14.4 MMbbl, according to EIA, and ended at 482.6 MMbbl, 31.8 MMbbl higher than last year. The Midwest gained 2.7 MMbbl; Cushing, Okla. 0.1 MMbbl, the Gulf Coast 8.1 MMbbl, the Rocky Mountain Region 0.7 MMbbl, and the West Coast 3.1 MMbbl. The East Coast declined 0.2 MMbbl. As of Oct. 28, the U.S. had 31.2 days of crude oil supply, up from 30 days a week earlier but a total unchanged from last year. The nation's crude oil production ended the reporting period at 8.522 MMbbl, up just fractionally week over week but down more than 0.6 MMbbl for the year. Crude oil imports to the U.S. totaled 8.995 MMbbl, nearly 2 MMbbl above the previous week and more than 2 MMbbl higher than last year. Crude oil refinery inputs were reported at almost 15.5 MMbbl for the week, off about 0.1 MMbbl week on week and down nearly 0.2 MMbbl for the year.



Utilities Regulatory Authority.

“Our actions on the three energy procurement RFPs will protect the interests of Connecticut’s ratepayers while moving our state forward to best address the energy challenges that we face,” said DEEP commissioner Robert Klee. “While we are not selecting projects under the

natural gas RFP at this time, we are taking steps to secure additional clean energy resources that address gaps in our energy infrastructure. Bringing those projects online will also play a real part in helping us achieve this state’s carbon reduction targets for 2020 and beyond, which will continue Connecticut’s leadership in efforts to address climate change.”