

Midwest turkey producers' propane concerns:

What started as a Midwest propane supply shortage developed into a larger, national discussion with over 20 governors declaring a state of emergency, scrambling to secure adequate supplies to meet the need during the critical winter months.

Why did this crisis occur? Many of us have DESCRIBED IT best as the 4 C's (Crop, Cochin, Cold, and Communication) and I will elaborate. For the first time in known history the federal government had to step in and force propane onto pipelines to avoid a potentially catastrophe. As you will learn, rail must play a much bigger role in fixing this problem.

The inadequate transport and storage systems combined with the lack of an early warning directly hit the pocket book of the people that heat their homes with propane along with those that need propane to heat our turkey barns and other livestock facilities. It is safe to estimate that in Minnesota the turkey industry saw propane use increase by over 30% from last winter. So when we saw propane prices go from \$1.30 / per gallon to \$5 / per gallon in a few short weeks you can see the impacts dug deep into their profit margins. This past winter alone, the Minnesota turkey industry saw an increase of over 25 million dollars more in heating related input costs over the previous year. That is real money to farmers that operate on very thin margins.

While this propane shortage certainly caused significant price increases, it became clear to many that if something was not done we could very well run out propane altogether. This forced us to ration what propane we had on hand by lowering temperatures in our barns, shops and homes. This caused a loss of production efficiency and concerns over potential animal welfare issues. This has and continues to directly impact the growers' bottom line when the turkeys go to market.

Minnesota Turkey Growers Association (MTGA) has started the necessary precautions by forming a "propane taskforce" and their 250 growers are prepared to do what is necessary to secure as much propane in storage before the cold weather hits this fall. However, there is not enough capacity to satisfy all the needs especially since the Cochin pipeline that was at fifty percent capacity this past winter is planning to stop delivering propane entirely this year.

There is currently no way to easily make up the loss of the 200 million gallons that were provided by the Cochin pipeline – the EQUIVANT of an additional 6,500 rail cars on an already taxed rail system. With rail and truck delivery being much less reliable, comprehensive discussion must begin now on how we ensure safe and timely deliveries to avoid the scare that caused the massive spikes in pricing and the dangerous conditions for the Midwest. If the rail system waits it might be too late. All options should be on the table. Additional capacity is being built in the Midwest but the rail system must step up or real life and death problems could be just around the corner and no one wants that wrapped around their necks.