



America's Propane Company

April 20, 2015

Martin Honigberg, Chairman
NH Site Evaluation Committee
NH Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, NH 03301



Re: SEA-3, Inc. ("SEA-3")
Request for Exemption
NHSEC No. 2015-01

Dear Chairman Honigberg:

I am writing to let the Committee know that AmeriGas strongly supports SEA-3's Request for Exemption because we need SEA-3's proposed improvements to be operational as soon as possible in order to better meet our customers' demand for propane in a timely and economical manner.

For the past 40 years, SEA-3 has safely provided New Hampshire with the ability to store large quantities of propane in the state, which has insured a dependable supply of propane throughout the winter and has helped keep prices stable. However, due to changes that have taken place in world energy markets over the last several years, SEA-3's critical role in the New England energy market is now in jeopardy unless it is allowed to increase its rail capacity.

In the last several years, the source of our propane has changed from international to domestic sources as international prices have gone up and domestic prices have come down. Unfortunately, the only way to access domestic propane from sources in the Mid-Atlantic and Midwest states is by pipeline, tractor trailer or railroad (federal law prohibits the existing propane tanker fleet from shipping domestic propane from one U. S. port to another because, under the Jones Act, such vessels must be U.S. made, crewed and flagged, and no such vessels currently exist).

The problem we face in New England is that our existing propane distribution network is directed at the receipt of propane from international markets by ocean going vessels. New England has just two large scale refrigerated storage tank facilities, both of which are currently outfitted to receive propane from ocean going vessels. One facility is located in Providence, Rhode Island, but it has no rail access. The other facility is SEA-3's Newington terminal, which is the only large scale refrigerated propane storage tank facility in New England with existing rail access.

As the only large scale propane storage facility in New England with rail access, the role of SEA-3's facility has become even more critical to our propane market. With a storage capacity of 560,000 barrels, SEA-3 has the capacity to store large quantities of propane during periods of low demand and then release the product into the market when demand is high,

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typically the winter heating season. For the past 40 years, this reserve capacity has helped insure a dependable supply of propane throughout the winter and has worked to keep prices stable.

However, due to market changes and SEA-3's current undersized rail capacity, it has been unable to build and maintain a critical winter stockpile. Without a propane stockpile to draw from during the critical winter heating months, New Hampshire distributors have been forced to compete for product during periods of peak demand, leading to decreased supplies and increased price volatility.

By granting SEA-3's request for an exemption from the full certification process, you will allow SEA-3 to proceed without delay to complete the much needed and necessary improvements so that New Hampshire and its neighboring states will have a more dependable and affordable supply of propane.

It is also our understanding from our industry representatives that the fire safety experts were all in agreement that SEA-3's design complies with the National Fire Protection Association's Liquefied Petroleum Gas Code ("NFPA 58"). We have every reason to believe that SEA-3 will continue to safely operate its facility once the increased rail capacity is completed, just as it has for the past 40 years.

On behalf of AmeriGas and our customers, I urge you to support SEA-3's request for exemption and I thank you for your time.

Very truly yours,



David L. Lugar
Vice President, Supply & Logistics