



National PROPANE GAS Association

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February 21, 2007

Mr. Robert W. Miller
Field Administrator
Eastern Regional Service Center
Federal Motor Carrier Safety Administration
U.S. Department of Transportation
802 Cromwell Park Drive, Suite N
Glen Burnie, MD 21061

Re: Propane Industry Request for Eastern Regional Hours of Service Exemption

Dear Mr. Miller:

The purpose of this letter is to petition for a regional exemption from the Hours of Service regulations in the Eastern Regional Service Center Area, which covers Connecticut, District of Columbia, Delaware, Massachusetts, Maryland, Maine, New Jersey, New Hampshire, New York, Pennsylvania, Rhode Island, Virginia, Vermont, and West Virginia. Specifically, we request that an exemption be issued for a 30-day period effective immediately and ending at the close of business Friday, March 24, 2007.

NPGA is the national trade association of the LP-gas (principally propane) industry with a membership of approximately 3,500 companies, including 39 affiliated state and regional associations representing members in all 50 states. Although the single largest group of NPGA members are retail marketers of propane gas, the membership includes propane producers, transporters and wholesalers, as well as manufacturers and distributors of associated equipment, containers and appliances. Propane gas is used in over 18 million installations nationwide for home and commercial heating and cooking, in agriculture, in industrial processing, and as a clean air alternative engine fuel for both over-the-road vehicles and industrial lift trucks.

A number of recent and near simultaneous developments are affecting the propane delivery infrastructure negatively and threaten the health and safety of propane customers. These developments have led to cascading ripple effects through the entire region. Industry members are finding it necessary to move propane long distances to ensure that product is available. The following information demonstrates the essential nature of regulatory relief.

- **Impact of Canadian Rail Strike.** On February 10, 2007, 2,800 union employees of the Canadian National Railway Company (CNR) went on strike. Over 60% of the propane

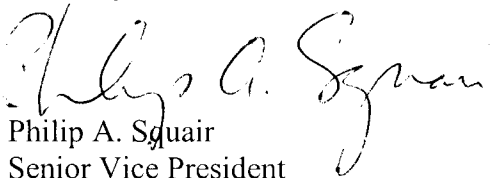
supply and distribution for the New York/New England Region is provided by the CNR. Rail shippers providing propane to this area have already invoked *force majeure* provisions of their contracts. The strike is affecting all freight movements, and railcars are blocking track throughout the system, thereby causing blockages in rail transportation. We believe that the Prime Minister will present emergency legislation to Parliament very shortly ordering employees back to work, but as of now this has not happened. Because of the extent of the rail blockages, we anticipate that a best case for a return to normal movement would be approximately three weeks.

- **Waterborne propane imports have slowed.** Supply at the Providence, Rhode Island marine terminal is gone, with the next ship scheduled to arrive this Sunday. We also understand that the schedule for additional waterborne deliveries into the marine terminal at Newington, NH is slipping.
- **Pipeline supplies have stopped.** On Tuesday, TEPPCO announced that a leak caused by a faulty valve had forced a shutdown of its 20-inch pipeline between Seymour Indiana and the Todhunter terminal in Ohio. Existing supplies in storage at Todhunter and Watkins Glen, NY are being drawn down quickly and will likely run out by Sunday. Repair work on the faulty valve may take more than 48 hours.
- **Continued strong demand.** Despite strong inventories earlier in the heating season, the demand since mid-January has been exceptional across the entire eastern United States. And as we are still in February, it is likely that healthy demand for propane will continue at least for a few more weeks. Moreover, the ice storm that blanketed the mid-Atlantic and New England states earlier this week further disrupted transportation and closed, at least briefly, the Newington, NH terminal.

A number of hours of service exemptions have been implemented at the state level over the past several weeks, largely to assist with weather-related delays. However, the situation has now dramatically changed with the onset of the Canadian strike and the pipeline shutdown that an extended, regional exemption is warranted.

Thank you for your consideration of this request. Should you have questions or require further information, please don't hesitate to contact me at 202-466-7200.

Sincerely,



Philip A. Squair
Senior Vice President
Public and Governmental Affairs