

~ OPIS Propane Daily ~

Rack and Spot Propane Prices and News - Everyday

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Feel free to e-mail me by clicking here: [Clifton Linton, Editor, OPIS Propane Daily.](#)

Account: 00007

02/02/2012

Special Propane Report For: OPIS, 00007

U.S. Spot Averages for 02/02/2012

Market	Prev. Day Avg Price	Change from Prior Day	Month-to-Date Average	Latest Price
OPIS Gulf Coast	128.0000	-1.2500	128.0000	126.3750
OPIS Mid-Continent	100.6875	-1.9375	100.6875	99.6250

*Spot prices shown are for FOB terminal in cents/gallon excluding taxes and discounts

Notice to Subscribers: Gulf Coast propane prices represent the average of TET and non-TET prices. TET assets are currently owned by Regency and Energy Transfer Partners.

NEWS UPDATE

A bearish petroleum inventory report continued to hammer oil futures prices lower on Thursday with NGL spot prices following suit.

At presstime, NYMEX WTI crude oil was \$96.77/bbl, down \$0.84/bbl. But Brent crude posted a \$0.77/bbl gain at \$112.22/bbl, up \$0.66/bbl. RBOB prices were last seen at \$2.878/gal.

After a larger-than-expected net withdrawal from U.S. natural gas storage for last week, Henry Hub natural gas prices strengthened to \$2.42/mmBtu.

Mt. Belvieu TET (LST) propane anys traded at \$1.2575- \$1.26375/gal. A March-April spread trade was done flat. A Conway/Mt. Belvieu TET propane spread traded at 26.5cts/gal. Mt. Belvieu non-TET (ENT) propane anys were done at \$1.27/gal, with the bid- ask last seen at \$1.26-\$1.265/gal.

Conway propane traded at 98.75cts-\$1.0050/gal, while wet supplies were seen on offer at \$1.01/gal but drew no bids. Forward March barrels were talked at 99.625cts-\$1.01375/gal.

In the news, Suburban Propane Partners' profits for the quarter that ended Dec. 24, 2011 plunged more than 46% to \$23.2 million compared with the same period a year ago at \$43.1 million primarily because of warmer weather in its service areas, the company said in its earnings statement Thursday.

Adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) for the first quarter of fiscal 2012 amounted to \$39.1 million, compared to \$60.1 million in the prior year first quarter, it said.

"The fiscal 2012 first quarter results were most affected by the significantly warmer than normal weather experienced across much of our service territories, which contributed to lower volumes and margins," the company's president and chief executive officer, Michael J. Dunn, Jr., said.

Retail propane supplies sold in the last quarter (first quarter of fiscal 2012) decreased 12.0 million gallons, or 13.9%, to 74.3 million gallons compared to 86.3 million gallons in the prior-year quarter.

Sales of fuel oil and other refined fuels decreased 3.7 million gallons to 7.7 million gallons during the first quarter of fiscal 2012, compared to 11.4 million gallons in the prior-year first quarter, the company said.

Yet the company points out that posted prices for these products had actually risen in that period.

Average posted prices for propane and fuel oil were 14.4% and 26.1% higher, respectively, compared to the prior-year first quarter, the company said.

Revenues of \$299.9 million decreased by \$28.4 million, or 8.7%, compared to \$328.3 million in the prior-year first quarter, primarily due to lower volumes sold, even if offset to an extent by higher average selling prices resulting from higher wholesale product costs, it said.

Cost of products sold for the first quarter of fiscal 2012 of \$183.6 million decreased \$2.9 million, or 1.6%, compared to \$186.5 million in the prior-year first quarter.

Cost of products sold in the first quarter of fiscal 2012 and fiscal 2011 included a \$1.0 million and \$1.6 million, respectively, unrealized (non-cash) loss attributable to the mark-to-market adjustment for derivative instruments used in risk management activities.

The most significant factor impacting sales volumes of propane, fuel oil and other refined fuels in the first quarter of fiscal 2012 was unseasonably warm weather at its East Coast operations, the company said.

Average temperatures (as measured by heating degree days) in its Northeast and Southeast territories for the first quarter of fiscal 2012 were 19% and 30% warmer, respectively, than the prior-year first quarter, it said.

Average temperatures across all of the partnership's service territories for the first quarter of fiscal 2012 were 11% warmer than normal and 9% warmer than the prior-year first quarter, it added.

Combined operating and general and administrative expenses of \$78.2 million for the first quarter of fiscal 2012 were \$5.1 million, or 6.1%, lower than the prior-year first quarter, primarily due to lower variable compensation attributable to lower earnings, continued savings in payroll and benefit related expenses, as well as lower bad debt expense.

The partnership continued to fund all working capital requirements with cash on hand without the need to borrow under its working capital facility and ended the first quarter of fiscal 2012 with \$89.3 million of cash.

"The industry continues to face significant challenges resulting from high commodity prices, limited new housing opportunities, weakness of the economy, and customer conservation in general," Dunn said.

Dunn added that the current trying environment reaffirms the steps the company has taken over the past several years to invest in our people, our technology and to restructure our operating model.

RACK UPDATE

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ALBANY, GA

2012-02-02 11:16:17 EST

** OPIS PROPANE PRICES **					
	Storage	Terms	Price	Move	Date of Move
Amer Engy	Pipeline	N-15	136.470	-1.25	02/02
CHS Inc	Pipeline	N-Rpt	135.510	-0.75	02/02
COP	Pipeline	N-Rpt	135.890	-2.00	02/02
Enterpris	Pipeline	N-10	136.300	-0.75	02/02
Inergy	Pipeline	N-10	136.620	-1.50	02/02
Martin	Pipeline	N-10	137.400	+1.75	01/27
NGL LTD.	Pipeline	N-15	137.000	-1.00	02/02
NGLWHLSL	Pipeline	N-10	136.120	-1.25	02/02
Plains	Pipeline	N-10	135.890	-0.50	02/02
	LOW		135.510		
	HIGH		137.400		
	AVERAGE		136.356		
	CONT LOW		135.510		
	CONT HIGH		137.400		
	CONT AVG		136.356		
TARIFF			4.600		07/11

* Rack prices shown are for FOB terminal in U.S. cents/gallon excluding taxes and discounts
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