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NEBRASKA RESIDENTIAL PROPANE SURVEY

Winter 1991/92

FINAL REPORT

Report Prepared by

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This survey was conducted under a cooperative agreement with the U.S. Department of Energy, Energy Information Administration and Nebraska Energy Office.

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I. INTRODUCTION

This report summarizes information on propane prices for the October 1991/March 1992 heating season in Nebraska.

From October through March, participating propane distributors were contacted twice monthly by the Nebraska Energy Office to obtain their current residential (retail) prices of propane. This information was faxed to the U.S. Department of Energy, Energy Information Administration (DOE/EIA) biweekly in report format as prepared by the PEDRO system. In addition, wholesale propane and residential heating oil prices were obtained by DOE/EIA for Nebraska.

The DOE has provided grants to several Northern and Northeastern states to cover the costs of regular collection of prices and primary stock levels of residential heating oil prices and primary stock levels. Beginning in 1988, the grants were replaced by cooperative agreements by which states continued to collect this information. In 1990, the program was extended to cover propane and several additional Midwestern and Atlantic Coastal states. At this time the states responsibilities were reduced to collecting residential (retail) prices for propane and residential heating oil and the DOE/EIA provided wholesale prices and inventory data.

Nebraska joined the program in 1990 to collect residential (retail) propane prices (Nebraska did not participate in the residential heating oil price survey). In addition to assisting the Energy Information Administration to meet its Congressional mandate of providing an accurate and timely energy profile nationwide, Nebraska has made valuable use of the price information by establishing its own data base using the survey information.

II. 1991/92 PROPANE PRICE SURVEY RESULTS

Retail Prices

On October 7, 1991, Nebraska residential propane prices began the heating season at an average of 55.2 cents per gallon. This was 19.9 cents less than at the beginning of the 1990/91 heating season (1990/91 prices were higher because of the Iraq-Kuwait conflict in the Middle East). The price then peaked at 61.1 cents per gallon on November 18 before declining through the remainder of the heating season to 52.8 cents per gallon (1.2 cents higher than a year earlier) on March 16, 1992. Lower prices during the early part of the heating season are attributed to a more stable situation in the Middle East than a year earlier. Propane prices were quite stable throughout the 1991/92 heating season because of the mild winter weather.

The U.S. average residential propane price was 86.7 cents per gallon on October 7, 1991, peaked at 92.3 cents per gallon on December 2 before beginning a fairly continuous decline to 86.3 cents per gallon on March 16, 1992. The average price for the Midwest Region (PADD II) was 70.7 cents per gallon on October 7, 1991, peaked at 76.8 cents per gallon on December 2 before beginning a decline to 69.4 cents per gallon on March 16, 1992.

The gross margin between average retail and wholesale prices in Nebraska ranged from 16.1 cents per gallon on October 7, 1991 to 28.7 cents per gallon on January 6, 1992. The typical gross margin was between 20.9 and 25.0 cents per gallon. The U.S. average gross margin between average retail and wholesale prices ranged from 44.5 cents per gallon on October 7, 1991 to 58.3 cents per gallon on January 6, 1992. The typical gross margin ranged between 47.7 and 57.6 cents per gallon. The gross margin for the Midwest Region ranged from 29.9 cents per gallon on October 7, 1991 to 43.6 cents per gallon on January 6, 1992 with the typical gross margin between 32.3 and 42.6 cents per gallon.

TABLE 1

1991/92 RESIDENTIAL PRICE OF PROPANE
(Dollars per Gallon, Excluding Cash Discounts and Taxes)

<u>Survey Date</u>	<u>Average Price</u>	<u>Percent Change From Previous Date</u>	<u>High</u>	<u>Low</u>
10/07/91	\$0.552	-----	\$0.889	\$0.450
10/21/91	0.588	6.52%	0.889	0.480
11/04/91	0.597	1.53	0.919	0.479
11/18/91	0.617	3.35	0.949	0.530
12/02/91	0.615	-0.03	0.949	0.529
12/16/91	0.603	-1.95	0.949	0.469
01/06/92	0.567	-5.97	0.949	0.449
01/20/92	0.548	-3.35	0.949	0.429
02/03/92	0.536	-2.19	0.949	0.429
02/17/92	0.530	-1.12	0.949	0.429
03/02/92	0.528	-0.04	0.949	0.409
03/16/92	0.528	0.00	0.949	0.409

Wholesale Prices

The average wholesale propane price in Nebraska was 39.1 cents per gallon on October 7, 1991, and increased to the season high of 43.6 cents per gallon on November 4, 1991. The wholesale price then began a general downward trend to 28.0 cents per gallon on January 6, 1992. The wholesale price then fluctuated between 27.5 and 28.2 cents per gallon through the end of the heating season.

Nationally the average wholesale propane price ranged from 32.3 cents per gallon in Kansas to 49.6 cents per gallon in New York on October 7, 1991. On March 16, 1992 the average wholesale price ranged from 26.1 cents per gallon in Kansas to 37.3 cents per gallon in New York. The national average was 42.2 cents per gallon on October 7, 1991 and 31.2 cents on March 16, 1992. The wholesale price peaked in most areas in early November 1991 and then declined through most of the heating season.

TABLE 2

1991/92 WHOLESAL PRICE OF PROPANE AND AVERAGE RETAIL MARGINS
(Dollars per Gallon)

<u>Survey Date</u>	<u>Average Wholesale Price</u>	<u>Percent Change From Previous Date</u>	<u>Average Retail Margin</u>
10/07/91	\$0.391	-----	\$0.161
10/21/91	0.376	-3.84%	0.212
11/04/91	0.423	12.50	0.174
11/18/91	0.406	-4.02	0.211
12/02/91	0.406	0.00	0.209
12/16/91	0.318	-21.67	0.285
01/06/92	0.280	-11.95	0.287
01/20/92	0.282	0.07	0.266
02/03/92	0.275	-2.48	0.261
02/17/92	0.280	1.82	0.250
03/02/92	0.278	-0.07	0.250
03/16/92	0.280	0.07	0.248

III. METHODOLOGY

The Energy Information (EIA), U.S. Department of Energy, determined the methods to be used in this propane price survey. The Nebraska Energy Office was provided with a list of firms identified as residential distributors to be contacted regarding their participation in the price survey. On the basis of staff contacts with the potential survey candidates, 31 companies agreed to participate.

The residential (retail) price survey began on October 7, 1991 and ran through March 16, 1992. Data from the survey was electronically transmitted via PEDRO to the EIA. The EIA in turn compiled and processed each state's reported data, weighting and stratifying against other data streams, to estimate a state average price. Data was transmitted by company code for Nebraska price survey respondents; thus, no company name was associated with the information, assuring anonymity and protecting proprietary information.

EIA published survey results by electronically eight days after the survey date and in hard copy which was usually received two weeks from the survey date. Nebraska's survey staff normally prepared Nebraska specific retail price reports by noon on the Tuesday following the survey date. Thus, Nebraska specific data on retail propane prices was available to the public and for analysis on the day following the collection of information.

Aggregate results of the retail propane prices in Nebraska can be obtained during the propane survey period by contacting: Nebraska Energy Office, Box 95085, Lincoln, NE 68509. Telephone number: (402) 471-3538.

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