

# TriCounty Gas, Inc.

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May 17, 2010

Dear TriCounty Gas Customer,

Please find enclosed a “Propane Safety Pamphlet”, “Winter Contract Pricing Schedule”, our new “Customer Rates, Fees and Benefits Table” and a “Safety Pamphlet Receipt and Customer Service Agreement” sign up form with return envelope.

Recent propane accidents in Western Wyoming have reminded us of the importance of everyone knowing and following safe handling practices when it comes to using propane gas. We ask that you please read through the pamphlet, share the pamphlet and the safety information contained in it with everyone in your family. If you have any questions about the information contained in the pamphlet or questions about propane that are not answered in the pamphlet, please don’t hesitate to call either of our offices and we will be happy to answer all of your questions. The safety of our customers and our employees is our #1 priority and that is why we pride ourselves on the training all our employees receive on the proper safe handling procedures of propane gas.

We feel so strong about keeping everyone safe and avoiding any propane accidents, we are initiating some new stricter policies when it comes to TriCounty Gas delivery propane to a customer’s location. The first policy change is the requirement that an adult at each delivery location be responsible for the safety at that location and must read and share the supplied “Propane Safety Pamphlet” with everyone at that location and sign and return the “Safety Pamphlet Receipt & Customer Service Agreement” form before any new propane deliveries can be made. Another policy is the requirement that TriCounty Gas performs and has on file a current “Safety Check” before propane will be delivered to that location. Any deficiencies in the gas system will be required to be repaired before propane will be delivered. For this reason, we encourage all customers to plan ahead before requesting a propane delivery. We may need to schedule a service technician before scheduling a propane delivery. For customers who sign up for a 12 month or longer service agreement and who need to have a “Safety Check” performed will not be charged for this inspection. For customers who do not want to sign a service agreement and where we have not provided propane to their location for over a year, a “Safety Check” will be required to be performed and there will be a \$75 charge. All parts and labor for repairs needed to bring any system up to current safety standards will be extra.

TriCounty Gas tries hard every day to keep the price you pay for propane as low as possible; however with the volatility of propane, the cost we pay can change daily. With the limitations all propane retailers have in getting propane out to customer’s locations, we struggle to keep prices uniform for all customers all the time. In an effort to keep pricing fair and honest, we are initiating our three levels of customer service we will be providing. As you can see in the “Customer Rate, Fees and Benefits Table”, the first level is the customer who does not want sign a service agreement with TriCounty Gas. We value these customers; however these customers are the most challenging to service. Since we never know when or if this type of customer will call in and request a delivery. It is impossible for us keep a proper level of inventory and fit their delivery into our schedule. For these reasons, these customers will pay the highest propane price level TriCounty Gas has. In addition Non-Service Agreement customers may incur other

fees and charges not applicable to Service Agreement customers. Even though this is our highest price level for propane it will usually be very competitive with other comparable propane retailers in our service area.

This past winter season was especially challenging as extreme cold weather increased demand and refinery malfunctions reduced product availability. What was most alarming to us was the challenge we encountered in securing propane. It seemed that each refinery in our local area had production problems and could not supply the demands placed on them, no matter what price they charged on their propane. We were forced to search an eight state area in order to fulfill the demands our customers were placing on us. The higher demand and the extra transportation costs drove prices skyward. We were fortunate this time when winter temperatures rose above normal and the refineries were able to get back to normal production levels and so we were able to provide propane to all our customers. This evidence of the possibility of a real propane shortage has convinced us we need to dramatically increase our local storage capacity. We have purchased six large storage tanks that will be located in Clearmont and our new location in Buffalo. These tanks will provide us with 170,000 gallons of additional storage. This additional storage will help us avoid extreme price spikes and short term propane shortages, however we will still have limitations and the cost of this new storage will be high. For this reason, our best pricing and product supply guarantee must be reserved for those customers willing to entrust TriCounty Gas with not only their propane needs, but also when to schedule those deliveries.

Currently propane prices are 30-50 cents higher than this time last year and regional propane inventories are below last year and are not expected to reach the same level they were last year. What this means is we can expect prices this winter to be as high or higher than last winter. We are offering three options for fixing your price for this coming winter's propane needs. Please see the "Winter Contract Pricing Schedule" enclosed to view the three different options. Choose which option works best for you. The number of gallons available under these three options are limited, therefore these options will only be available until these limited gallons have been contracted. Contracts on these fixed price propane are only valid when either full payment or the required deposit are received in our office.

We are asking all customers fill out the "Safety Pamphlet Receipt & Customer Service Agreement" form and return to us in the self-addressed envelope as soon as possible. As stated above this form is required to be filled out and signed by all customers before a delivery of propane can be made. Forms and Safety Pamphlets are available on our web site at [www.tricountygas.com](http://www.tricountygas.com) or at either our Buffalo or Clearmont offices.

We are looking forward to serving our customers in the upcoming season and for years to come. We want to thank all our customers for their past patronage. We are currently planning a "Customer Appreciation and Open House" day to be held at our new location in Buffalo sometime this summer. Details will be provided later, we encourage everyone to come out and see our new location and meet our employees.

Thank You for your time and God Bless You and your family.

Sincerely,

Tom Weber  
General Manager